



Daily Report

China

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CONTENTS

19 October 1987

INTERNATIONAL AFFAIRS

General

Zhao Ziyang Receives Foreign Entrepreneurs	1
U.S., USSR Urged To Take Disarmament Lead	1
GATT Head Stresses Restoration of PRC Seat	1
PRC Member Elected to IPU Executive Committee	1
Column Reviews Possible Changes in Cambodia [Hong Kong TA KUNG PAO 17 Oct]	2

Soviet Union

Li Peng Meets Moscow City Delegation	3
Sino-Soviet Cooperation in Fishery Planned [BEIJING REVIEW 12 Oct]	3

Northeast Asia

Envoy to Japan on COCOM, Trade, Kokaryo [KYODO]	3
---	---

Southeast Asia & Pacific

Yunnan Frontier Guards Repulse SRV Attacks	4
XINHUA Urges Resolve Against SRV Moves	4
RENMIN RIBAO on Vietnam's 'Old Tricks' [16 Oct]	5
Gu Emphasizes Further Opening Thai Trade	6

West Europe

Deng Xiaoping, President of Bavaria Meet	6
Strauss Urges Caution on Tibet	7
Zheng Tuobin Hosts British Visitors	7

East Europe

Beijing Russian Reviews Kadar's PRC Visit	7
---	---

NATIONAL AFFAIRS

CPC Central Committee Plenum Topics Listed [KYODO]	9
CPC To Emphasize Reforms, Structural Changes [Hong Kong SOUTH CHINA MORNING POST (SATURDAY REVIEW) 17 Oct]	9
Deng To Remain Leader After Semi-Retirement [AFP]	10
PRC Stamp To Mark 13th CPC National Congress	11
Article Calls for Improving Democracy	11
XINHUA Head on Leadership Change, Policy [Hong Kong HONGKONG STANDARD 17 Oct]	12
Article Cites Deng on Political Reform [BEIJING REVIEW 28 Sep]	13
Fight Against Bureaucracy To Continue [BEIJING REVIEW 5 Oct]	15
Elementary Stage of Socialism Viewed	16
BEIJING REVIEW Says Dalai Lama Welcome [AFP]	17
Commentator Views Regional National Autonomy [JIEFANGJUN BAO 5 Oct]	17
Paper Details Hu Qili's Background [Hong Kong SOUTH CHINA MORNING POST (SATURDAY REVIEW) 17 Oct]	18
Hong Kong Paper on Vice Premier Yao Yilin [Hong Kong SOUTH CHINA MORNING POST (SATURDAY REVIEW) 17 Oct]	19

Hu Qiaomu Notes Ye Shengtao Publication	20
Wu Xueqian Visits Wuxi, Nanjing 6-8 October	21
Banqen Stresses Nationality Solidarity	21
Wan Li Meets Marathon Runners in Beijing	21
Leaders at Zhang Jie's Funeral Service	21
Training Dual-Purpose Personnel Advocated	22
Circular on Students' Military Training	22
Tian Jiyun on Tax, Finance, Price Inspection	23
Spokesman Says Foreign Trade Deficit Drops	24
Comments on Economic Development	24
Official on Restructuring Foreign Trade	25
Editorial Reports Employment System Changes [CHINA DAILY 17 Oct]	25
New Trust, Investment Corporation Established	27
Commentator Views Rural Reform Problems [RENMIN RIBAO 16 Oct]	27
Minority Areas Turn To Law To Solve Problems	28
Supply, Demand for College Graduates Closer [CHINA DAILY 17 Oct]	28
Newsmen To Have Own Journal Next Year	29

REGIONAL AFFAIRS

East Region

Jiangsu CPPCC To Welcome Taiwan Visitors	30
Jiangxi Economic Planning Conference Ends	30
Jiangxi Governor on 1988 Economic Tasks	30
Shanghai Paper Urges Deepening of Reform [WEN HUI BAO 14 Oct]	31
Shanghai Commander on Militia Reform	32
Zhejiang Issues Farm Prices Circular	32
Ningbo City Attracting More Joint Ventures	32

Central-South Region

Work Proceeding To Make Hainan Province	33
Economic Development	33
Light Industry	33
Foreign Investment	33

Southwest Region

Xizang 'Troublemakers' Surrender to Police	33
Radio Says Independence Call 'Unpopular'	34
Call To 'Love Country Before Religion'	34
Efforts Made To Preserve Tibetan Culture	35
Bainqen Inspects Reservoir Work Site	35

North Region

Beijing Secretary Greeted Policemen [BEIJING RIBAO 30 Sep]	36
Beijing Secretary Visits Various Workers [BEIJING RIBAO 2 Oct]	36
Li Ximing, Taiwan Visitors at Celebration [BEIJING RIBAO 7 Oct]	36
Li Ruihuan at National Tennis Tournament [TIANJIN RIBAO 16 Sep]	36
Li Ruihuan Attends Hog Raising Conference [TIANJIN RIBAO 17 Sep]	36
Li Ruihuan Meets UN Development Delegation [TIANJIN RIBAO 29 Sep]	37
Li Ruihuan Attends National Day Soiree [TIANJIN RIBAO 1 Oct]	37

TAIWAN

Premier Calls for Country Above Province	38
KMT Prepares Parliamentary Reform Plan	38
Mainland Visits Policy Comes From 'Heart'	38
Direct Trade With Mainland Remains Illegal	39

Prosecutors Question Reporters' PRC Trip [AFP]	39
Dissident in Hong Kong Seeks Return [Hong Kong SOUTH CHINA SUNDAY MORNING POST 18 Oct]	39
Independence Advocates Protest Detentions [AFP]	40

HONG KONG & MACAO

Hong Kong

Governor Tries To Open Up Trade With U.S. [Hong Kong SOUTH CHINA MORNING POST 17 Oct]	41
Hong Kong Diversifies Overseas Exports	41
Mainland Important Market for Hong Kong	41
Macao Reshuffle Expected in November [Hong Kong SOUTH CHINA MORNING POST 19 Oct] .	42

General

Zhao Ziyang Receives Foreign Entrepreneurs *OW151507 Beijing XINHUA in English 1455 GMT 15 Oct 87*

[Text] Beijing, October 15 (XINHUA)—Chinese Premier Zhao Ziyang met here this afternoon a group of foreign entrepreneurs and economic management specialists from six countries who are here attending an international seminar on the reform of enterprise mechanism.

Funded by the United Nations Development Program (UNDP), the seminar, the third of its kind, is jointly sponsored by the state commission for restructuring economic system of China and the World Bank.

The seminar is scheduled to close tomorrow.

Representatives attending the seminar are from Brazil, Bulgaria, the Federal Republic of Germany, India, the United States and Yugoslavia.

Some experts from the World Bank and UNDP officials also attended the seminar.

During their conversation, the Chinese premier expressed his appreciation for suggestions put forward by foreign experts. These suggestions are valuable in the reform of China's enterprise mechanism, he added.

U.S., USSR Urged To Take Disarmament Lead *OW151904 Beijing XINHUA in English 1842 GMT 15 Oct 87*

[Text] United Nations, October 15 (XINHUA) — China today urged the two superpowers to take the lead in halting the testing, production and deployment of all types of nuclear weapons.

The appeal was made here this morning by Fan Guixiang, China's ambassador for disarmament affairs, at the general debate of the U.N. General Assembly.

While welcoming the preliminary agreement between the Soviet Union and the United States on the global elimination of their intermediate-range nuclear forces (INF), Fan said that these INF accounted for only "a tiny portion" of their huge nuclear arsenals.

He said the two powers should drastically reduce and destroy all types of nuclear weapons deployed both at home and abroad.

He also said conventional armament is a principal arena for the global arms race between the two superpowers, and constitutes a real threat to world peace.

He warned the two powers not to take their arms race into outer space, which is the "commonwealth of humanity" and should be used for the benefit of mankind. The United States and the Soviet Union are the only countries that possess, test and develop outer space weapons.

On negotiations to conclude the convention banning chemical weapons, he said the first aim must ensure thorough destruction of the existing chemical weapons and their production facilities. He also called for the prohibition of test, production, transfer, deployment and use of new chemical weapons. Once the victim of chemical weapons, he said, China has consistently stood for "the complete prohibition" of such weapons.

GATT Head Stresses Restoration of PRC Seat *OW171432 Beijing XINHUA in English 0228 GMT 17 Oct 87*

[Text] Geneva, October 16 (XINHUA)—General Agreement of Tariffs and Trade (GATT) Secretary-General Arthur Dunkel said here today that the negotiations between GATT and China on restoring its GATT seat will be important to both today and tomorrow of the world trade organization.

The international community should be happy with the restoration of China's GATT seat, Dunkel said when he was interviewed by the French news agency AFP.

China's position as an exporter and market keeps rising, which will help "transform progressively the international trade arena," Dunkel said.

The People's Republic of China tabled the request of restoring its seat in the world trade body in July last year. In accordance with the GATT rules, China presented a memo on China's external trade system on February 13.

The GATT council set up a working group on March 4 to proceed with the examination of China's request.

PRC Member Elected to IPU Executive Committee *OW171340 Beijing XINHUA in English 1318 GMT 17 Oct 87*

[Text] Bangkok, October 17 (XINHUA)—Huan Xiang, member of the Standing Committee of the Chinese National People's Congress (NPC), was elected member of the Executive Committee of the Inter-Parliamentary Union (IPU) at the 78th IPU conference which ended here today.

It is the first time that a member of China's NPC was elected into IPU's top body. Also elected members of the committee were Jarema Maciszewski of Poland, Suwit Khunkitti of Thailand and Morina Molina Rubio of Guatemala.

The election followed the expiry of the terms of two members of the committee and the IPU's decision to increase the seats in the committee from 10 to 12.

The 78th IPU conference which started on October 12 discussed the problems of human rights, refugees, colonialism and racism as well as the world's political, economic and social situation.

Column Reviews Possible Changes in Cambodia
HK170529 Hong Kong TA KUNG PAO in Chinese
17 Oct 87 p 2

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Sino-Soviet Talks Touch on Political Solution of Cambodian Problem"]

[Text] It Seems that There Is A Favorable Turn [subhead]

Sino-Soviet talks concluded in Beijing yesterday and a communique was issued afterwards, disclosing that the talks discussed a political solution of the Cambodian problem. Although both parties expounded their own views on the Cambodian situation and could not reach a consensus, the fact that they initially discussed a political solution of the problem shows that there is a slight favorable turn.

The Sino-Soviet talks, which were resumed in 1982, have now held 11 rounds. Over the past 5 years, both parties have made improvements in all relations other than politics. Gorbachev has held power for 2 and 1/2 years and it cannot be denied he has promoted and improved Sino-Soviet relations more on his own initiative and more actively than his several predecessors. Of the "three obstacles" in Sino-Soviet relations, apart from the border situation which has tended to ease, it is the Cambodian problem that must be solved most urgently. So long as the Soviet Union supports Vietnam's invasion of Cambodia, Sino-Vietnamese relations cannot improve, and since the Soviet Union supports Vietnam which is hostile to China, this will surely affect the normalization of Sino-Soviet relations.

Having Invaded Cambodia for 9 Years, the Troops Become Old Without Rendering Outstanding Service [subhead]

It is some 9 years since Vietnam staged a large-scale military invasion of Cambodia at the end of 1977 and it still stubbornly refused to withdraw its troops from Cambodia. At the same time, it has no sense of shame and insists that the Hanoi-backed Heng Samrin regime is the legitimate Cambodian regime. Hanoi has launched many political attacks, including drawing countries of ASEAN over to its side and proposing a political solution of the Cambodian problem, but it has tried in every possible way to evade a crucial question, that is, it refuses to withdraw all its 100,000 Vietnamese troops

from Cambodia at an early date and to allow the Cambodian people to solve their own problems by themselves. On the contrary, Hanoi wants all nations to acknowledge its puppet.

On behalf of the three factions of the Coalition Government of Democratic Kampuchea, Sihanouk recently proposed willingness to hold a four-party consultation with the Heng Samrin regime on a political solution of the Cambodian problem, but said that Vietnamese troops must be immediately withdrawn. Vietnam resolutely refused this. Hanoi has claimed all along it began withdrawing its troops in 1982 and will completely withdraw its troops by 1990. However, partial withdrawal of troops every year is, in fact, a deceitful "relief of a garrison."

The Resolution of the UNGA Session Urges Withdrawal of Troops Again [subhead]

Like the occupation of Afghanistan by Soviet troops, the Vietnamese invasion of Cambodia has met with extensive worldwide condemnation. After 2 days of argument, on 14 October, the 42nd UNGA session again passed a resolution by 117 votes, an overwhelming majority, demanding that all foreign troops be withdrawn from Cambodia and that the Cambodian people be allowed to determine their own destiny by themselves. Since Vietnam invaded Cambodia, every year each UNGA session, including the special sessions held to specifically discuss the Cambodian problem, has passed a resolution with the force of justice, demanding that Vietnam withdraw its troops from Cambodia. This has put the Hanoi clique in an extremely awkward position. No matter how it indulges in sophistry and shouts "political solution," so long as it refuses to withdraw all its troops from Cambodia, it cannot shirk its criminal liabilities for invasion.

The Soviet Union also Wants to Get Rid of its Burden at an Early Date [subhead]

Every year, the Soviet Union spends an average of \$2 billion in assisting Vietnam. Nevertheless, it is almost 10 years since Hanoi invaded Cambodia, and Vietnam is riddled with economic difficulties, and this will surely tie down its "big brother" all the time and become a "burden" to it. Although Moscow can use the Cam Ranh Bay base, since East-West relations are continually easing, Gorbachev too feels that if the Cambodian problem can be politically solved at an early date, it will be beneficial to the Soviet Union in getting rid of its bad image of helping a tyrant to do evil in Asia. The Kremlin will, therefore, probably change its tactics and urge Hanoi to withdraw its troops. In fact, Vietnam too feels that it has fallen deep into a mire and it is time to bring to an end its invasion of Cambodia. China is looking attentively at whether or not the Soviet Union will adopt a practical policy on the Cambodian problem.

Soviet Union

Li Peng Meets Moscow City Delegation

OW171531 Beijing XINHUA in English 1520 GMT
17 Oct 87

[Text] Beijing, October 17 (XINHUA) — Chinese Vice-Premier Li Peng met here today with a delegation from the Soviet Executive Committee of Moscow led by its President W.T. Saikin.

Last year Mayor Chen Xitong of Beijing visited Moscow and was accorded a warm reception, Li said, adding that he is pleased to have the opportunity to receive Moscow guests here.

Saikin said that during the talks between his delegation and Chen Xitong, the two sides briefed each other on the reform and construction of Moscow and Beijing and discussed cooperation between the two cities and also signed minutes of talks.

Li Peng briefed the guests on the reform of China's economic set-up and city construction.

Sino-Soviet Cooperation in Fishery Planned

OW180823 Beijing BEIJING REVIEW in English
12 Oct p 28

[Text] According to the aquatic department of the Ministry of Agriculture, Animal Husbandry and Fishery, a Chinese fishery delegation is expected to visit the Soviet Union towards the end of this year to discuss long-term scientific and technological cooperation in the fishing industry. This marks the first possibility of co-operation since the suspension of relations between the two countries over 20 years ago.

In talks held between Chinese and USSR fishery delegations in Beijing last June, a unanimous agreement was reached on the necessity to actively develop cooperation to promote the development of the fishing industry, and the scientific and technological progress of the two countries.

During the talks, the Soviet side proposed that four questions be discussed, including research into natural and artificial proliferation in the Heilongjiang and Wusulijiang Rivers, and the establishment of joint fishery enterprises in the Soviet Union.

Northeast Asia

Envoy to Japan on COCOM, Trade, Kokaryo

OW190807 Tokyo KYODO in English 0755 GMT
19 Oct 87

[Text] Tokyo, Oct. 19 KYODO—Chinese Ambassador to Tokyo Zhang Shu said Monday China has been greatly affected by Toshiba Machine Co.'s illegal exports to the

Soviet Union in violation of COCOM [Coordinating Committee on Multilateral Export Control] rules, and called on Japan for an early solution on the matter.

Speaking in a lecture meeting in Tokyo, Zhang termed the COCOM rules regulating exports of sensitive products to the communist bloc a result of the cold war which followed World War II and said they run counter to the current world trend of detente.

Chinese firms with or without contracts with Toshiba Machine are faced with economic losses and delays in their industrial operations due to Japan's administrative sanction of a one-year export suspension to the communist bloc by Toshiba Machine and generally toughened export procedures.

Zhang said he believed whoever of the three hopefuls for the Liberal Democratic Party presidency becomes Japan's next prime minister, succeeding Yasuhiro Nakasone, he will not change present Japanese policy on China in promoting bilateral relations.

China wants to maintain close and expanded ties with the new cabinet, based on the 1972 Japan-China joint communique and the 1978 Peace and Friendship treaty, Zhang said.

But he expressed the hope that Japan would solve the current "political problems" as early as possible, apparently referring to a Japanese lower court ruling approving Taiwanese not Chinese ownership of the Kokaryo student dormitory in Kyoto, western Japan.

He said another political issue facing both nations is what he termed the wrong assessment by some Japanese of the Japanese military invasion of China.

Zhang said he does not want to see these problems emerging in the future and affecting the overall friendly relations between the two nations.

Zhang said China respects the Japanese separation of powers and he hoped the Japanese Government would take the "proper solution" on the Kokaryo issue.

On the current anti-China moves for independence in Lhasa, Zhang said Tibet is an inseparable part of the Chinese land and the Chinese Government refuses any moves toward the segmentation of China.

The envoy criticized U.S. senators who have adopted a resolution on Tibet.

On economic matters, Zhang called on Japan to improve the trade imbalance now in Japan's favor and expand bilateral economic cooperation.

He asked Japan for more investment and technology transfer to China.

Southeast Asia & Pacific

Yunnan Frontier Guards Repulse SRV Attacks

OW190836 Beijing XINHUA Domestic Service
in Chinese 0741 GMT 19 Oct 87

[Text] Laoshan Front, 19 Oct (XINHUA)—Recently Vietnamese troops have continued to carry out large-scale shellings on our Laoshan area in Yunnan, and our frontier artillery units have resolutely launched counterattacks.

At 1455 on 14 October, the Vietnamese artillery corps suddenly launched a large-scale shelling on positions of our Laoshan front units and adjacent villages, and nearly 1,000 shells were fired in less than 3 hours.

At a little past 1100 the next day, Vietnamese artillery forces once again fired on our forward positions and deep into our territory. On both occasions, our frontier units counterattacked with strong artillery fire, dealing a crushing blow at the provocateurs.

XINHUA Urges Resolve Against SRV Moves

OW160501 Beijing XINHUA Domestic Service
in Chinese 1205 GMT 11 Oct 87

[Text] Beijing 11 Oct (XINHUA)—Commentary by XINHUA reporter Huang Yuan: "Has Vietnam Changed or Not Changed on the Cambodian Issue?"

Has Vietnam changed its stand on the Cambodian issue? Does it really seek to bring about a just and reasonable settlement of the Cambodian issue politically? People are paying close attention to these questions.

If we carefully examine the facts since Vietnam's invasion of Cambodia, we notice that Vietnam has changed its tactics, but its strategy to set up an "Indochinese Federation" remains unchanged even now. It is known to all that in order to force its way in setting up an "Indochinese Federation," Vietnam launched a war of aggression against Cambodia and propped up the Vietnam-controlled Heng Samrin regime after Vietnam occupied the Cambodian capital Phnom Penh. During a certain period soon afterwards, Vietnam rejected all proposals to politically solve the issue, trying to use force to wipe out the Democratic Kampuchean resistance army and achieve its goal of annexing Cambodia. When the General Assembly adopted a resolution on the Cambodian issue for the first time in 1979, which called for a complete and unconditional troop withdrawal by Vietnam, Cambodian self-determination and neutrality, and a just and reasonable political settlement of the Cambodian issue, Vietnam claimed that UNGA resolution was "illegal and worthless." It also openly said: "Basically, there exists no Cambodian issue." It added, "all plots to look for ways to politically solve the Cambodian issue" "are wasteful." It also pointed out that the UN resolution was "a product of the counterrevolutionary system." How arrogant it was!

Instead of being wiped out, the Democratic Kampuchean resistance forces have gradually grown. In June 1982, Cambodia's tripartite patriotic anti-Vietnam forces formed the Coalition government of Democratic Kampuchea [CGDK] with Samdech Norodom Sihanouk as its chairman. There was a new situation in the Cambodian people's struggle against Vietnam. International pressure demanding Vietnam withdraw its troops from Cambodia also gained momentum. At that time, the Vietnamese authorities changed its attitude on the Cambodian issue and began to alternately use the dual-tactics of military encirclement and annihilation on the one hand and political and diplomatic trickery on the other. Thus, a situation prevailed in which Vietnam launched a "military offensive" during the dry season while it unleashed a "diplomatic offensive" during the rainy season. The "military offensive" reached its peak at the beginning of 1985. After suffering casualties of several thousand soldiers, the Vietnamese troops captured a series of bases of the Democratic Kampuchean resistance forces along the Cambodian-Thai border. Most of the democratic Kampuchean resistance forces then continued their fight inland while Vietnamese troops were trapped in a passive position in Cambodia's hinterland and border areas, finding it difficult to help in inland fighting.

Vietnam has since placed more emphasis on using political trickery. It has put forward all types of proposals for "dialogue," trying to topple the CGDK and to help the Heng Samrin regime obtain legal status in order to ensure that Cambodia will remain under Vietnamese control. Vietnam's recent political and diplomatic activities on the Cambodian issue are precisely a continuation of this tactic. However, there is one thing different. The difference is: Vietnam's situation is even more difficult.

The CGDK eight-point proposal for a political settlement of the Cambodian issue put forward in March 1986 demonstrated the sincerity of the coalition government for a political settlement of the Cambodian issue, winning widespread support both at home and abroad. Since then, more and more soldiers of the Phnom Penh regime have defected, and the national consciousness of the people has become higher than ever before. Internationally, the last UN General Assembly adopted a resolution on the Cambodian issue with a overwhelming majority of 115 votes. Under the circumstances, Vietnam, at the end of July, evaded the issue of troop withdrawal from Cambodia and proposed to divide the settlement of the Cambodian issue into two parts, domestic and international. First of all, the "two sides in the conflict" will hold negotiations with the aim of realizing "national reconciliation." Then international meetings will be held with the participation of Vietnam and ASEAN countries to offer an international guarantee. This was aimed at disguising the problem of Vietnamese occupation of Cambodia as an internal problem of civil war in Cambodia and dressing up the aggressor—Vietnam—as a mere outsider. Later, Vietnam, through the Phnom Penh regime, announced at the end of August and on

8 October the so-called six-point statement for the political settlement of the Cambodian question, saying that the Phnom Penh regime would meet with Prince Sihanouk and his allies in the CGDK, that "Prince Sihanouk would be given a high-ranking position in the state leading organ," and that "all those serving other factions" and "armed elements" should return to Cambodia after "stopping their hostile activities" so that they may recover their "citizenship" and "work for the government." In addition, it set the "end of foreign interference in Cambodia" as a precondition for the withdrawal of Vietnamese troops from Cambodia. Vietnam's motive in making these proposals for the political settlement of the Cambodian issue is obvious.

The CGDK note issued in early October on the issue of achieving national reconciliation in Cambodia pointed out: The plan now offered by Vietnam is aimed at "realizing national reconciliation with its troops still stationed in Cambodia and before an official agreement is reached on the question of the withdrawal of Vietnamese troops from Cambodia"; "achieving 'national reconciliation' within the framework of the Phnom Penh regime which was set up by Vietnam after its occupation of Cambodia"; "realizing 'national reconciliation' which is discriminatory and national resistance forces"; and "helping Vietnam's Occupation of Cambodia last forever." In short, Vietnam seeks to realize its strategy of setting up the "Indochinese Federation" without firing a shot through its measures to politically settle the Cambodian issue.

Since Vietnam's strategy of setting up an "Indochinese Federation" remains unchanged, the stand against Vietnam's aggression in Cambodia held by the ASEAN countries, China, and other justice-upholding countries should also remain unchanged. Moreover, they must make even greater efforts to support the Cambodian people's just struggle against Vietnam; exert even stronger pressure on Vietnam to compel it to abandon its policy of regional hegemonism and completely withdraw its troops from Cambodia; and help the Cambodian people realize genuine national reconciliation.

RENMIN RIBAO on Vietnam's 'Old Tricks'

*HK170406 Beijing RENMIN RIBAO in Chinese
16 Oct 87 p 6*

["Commentary" by staff reporter Liu Kaichen (0491 7030 1368): "Old Tricks in a New Guise Still Do Not Enjoy Popular Support"]

[Text] After a debate that lasted a day and a half the 42d UN General Assembly Session passed by an overwhelming majority a resolution on the situation in Cambodia, demanding that all "foreign troops," that is, Vietnamese troops, withdraw from Cambodia and that the Cambodian people be allowed to decide their own destiny. This suggests that the international community continues to support the Cambodian people in their just struggle against the Vietnamese invaders.

Prior to each UN General Assembly session over the last few years, Vietnam has always launched a phoney peace "diplomatic offensive" in an attempt to reduce UN General Assembly support for passing a draft resolution on the "situation in Cambodia." But all its efforts have ended in failure. The Vietnamese "diplomatic offensive" became even more intensive prior to the last UN General Assembly session, but the results of the voting proved that its phoney peace offensive failed even more bitterly.

For the last few months, Vietnam has been asserting that it is seeking a political solution to the Cambodia issue, in an attempt to impress people that it will lay down the butcher knife. In addition, it also instructed its puppet regime in Phnom Penh to dish out the so-called 6-point declaration on "national reconciliation," the proposal on "convening a conference of various parties in Cambodia," and the 5-point proposal on "settling the Cambodia issue by political means," pretending to be anxious for peace.

However, it is impossible to shut out the heavens with one hand. Most of the representatives pointed out during the debate that the declaration and proposals were only Vietnam's tactics. In the final analysis, they are old tricks in a new guise.

1. Vietnam prattles about "national reconciliation" without mentioning the withdrawal of troops. Although the proposals look new, there is only one aim, and that is to arrange for a meeting between the Heng Samrin clique and the Coalition Government of Democratic Kampuchea, while Vietnamese troops are still occupying Cambodia, for the purpose of achieving "national reconciliation." Thus the question of negotiations between Vietnam and the Coalition Government of Democratic Kampuchea is evaded and Vietnamese aggression against Cambodia is turned into an issue of Cambodian civil war, with the aim of forcing the international community to accept the fact of the Vietnamese occupation of Cambodia, legalizing the position of the Heng Samrin puppet regime, and allowing Vietnam to dominate Cambodia forever.

2. Vietnam is carrying out "fake withdrawals." What it is doing is relieving its garrisons in Cambodia. Vietnam asserted that it had started its partial troops withdrawal from Cambodia in 1982 and that the withdrawal will be completed in 1990. In fact, the partial troops withdrawal is only a relief of its garrisons. There are still over 100,000 Vietnamese soldiers on Cambodian soil. As to the "completion of withdrawal in 1990," this is merely a fraudulent trick, because this proposal was made on the condition that all "foreign powers" stop supporting the Cambodian people in their struggle against Vietnamese aggression and for national salvation.

3. Vietnam is advocating phoney "unity." What it is doing is splitting the Cambodian nation. One of the proposals stated that "Prince Sihanouk will be assigned

to a high post in the state leading organ." The essence of the problem is that Vietnam, in the name of Prince Sihanouk, wants to form a government with the Heng Samrin puppet regime as the main component, with the aim of splitting the Coalition Government of Democratic Kampuchea on the one hand and facilitating the implementation of its "federal Indochina" program on the other. His intention was vicious but the result was nil. Prince Sihanouk exposed this intrigue in his speeches on two occasions at a recent UN General Assembly session.

Vietnam has not been able gobble up Cambodia during its 9-year invasion of the country. Beset with difficulties at home and abroad, Vietnam has become unprecedentedly isolated. A stalemate has now appeared on the Cambodian battlefields, where the aggressor troops are constantly attacked by the patriotic forces of Democratic Kampuchea. In Vietnam, the economy is riddled with gaping wounds, and the people are leading an extraordinarily difficult life; internationally, Vietnam's regional hegemonism has become notorious and is condemned by people in various fields. Under such circumstances, the only way out for Vietnam is to make up its mind to withdraw its troops from Cambodia. It will not do for it to continue its occupation of Cambodia under the pretext of seeking political solutions. Vietnam must change its course, implement the UN General Assembly session's resolution, immediately withdraw all its troops from Cambodia, and allow the Cambodia issue to be settled fairly and rationally by political means. This is beneficial to Vietnam's own development and peace in Southeast Asia.

Gu Emphasizes Further Opening Thai Trade
HK170826 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 1246 GMT 14 Oct 87

[Report: "Gu Mu Says China Will Take the Road of Further Opening"]

[Text] Hong Kong, 14 Oct (ZHONGGUO XINWEN SHE)—According to reports from Bangkok, visiting Chinese State Councillor Gu Mu said that the central topic of the upcoming 13th CPC National Congress is how to further carry out reform in China. China will not take the road of retrogression, but will forge ahead and take the road of further opening.

Gu Mu and his party visited the Thailand-China Chamber of Commerce for the Promotion of Investment and Trade and were warmly welcomed by Chairman Li Ching-he, Vice Chairmen Li Ping-chuan, and Hu Yu-lin of the chamber. Gu Mu made the above remarks at a discussion meeting held at the chamber.

Gu Mu said that China has implemented the policy of opening to the outside world for only a short period and lacks experience. Its contingent of workers for foreign economic relations and trade are not yet well organized

and there is still ample room for improvement in economic and trade activities with foreign countries. To make investments in China, for example, the approval of many departments is needed, causing dissatisfaction among foreign businessmen. Grass-roots foreign departments do not have much decision-making power and have to ask for instructions before making known their positions. This is not entirely their fault and involves the question of reforming the management structure. The management of manpower, finance, and materials is too rigid. In a word, we admit that the environment for foreign investment is not yet satisfactory. We are endeavoring to gradually solve these problems. Last year we issued a document of 22 articles that include the improvement of the environment on a large or small scale and some common world practices.

Gu Mu said that in the past few years, China's economy has developed steadily, with a continuous growth rate of over 10 percent. Therefore, the policy of opening to the outside world will remain unchanged. The situation of insufficient capital and backward technology can be improved. The 13th CPC National Congress, which will be held on 25 October, will deal with the question of determination.

Speaking about the establishment of Hainan Province, Gu Mu said that Hainan Island will become a province and that policies even more open than those implemented in the special zones will be implemented there. Various methods for economic development under unified planning can be adopted there, as long as illegal activities such as the past practice of reselling automobiles banned. Hainan Island's development has broad prospects.

Gu Mu's party includes He Chunlin, director of the Special Economic Zones Office of the State Council, Wang Yingfan, deputy director of the Department of Asian Affairs of the Ministry of Foreign Affairs, and Mao Zongcheng, director of the Research Office of the Special Economic Zones Office of the State Council. At the invitation of Thai Deputy Prime Minister Phong Sarasin, Gu Mu and his party arrived in Thailand for a visit on 9 October and are scheduled to leave for home on 16 October.

West Europe

Deng Xiaoping, President of Bavaria Meet
OW161404 Beijing XINHUA Domestic Service
in Chinese 0824 GMT 16 Oct 87

[By reporter Yu Jiafu]

[Text] Beijing, 16 Oct (XINHUA)—The 13th National CPC Congress itself will be a meeting of reform, after which China will quicken its pace in conducting reform and opening to the outside world, said Deng Xiaoping, chairman of the CPC Central Advisory Commission, at

a meeting with Franz-Josef Strauss, minister-president of Bavaria of the FRG and chairman of the Social Union, at the Great Hall of the People this morning.

Deng Xiaoping said: Following the congress, some younger comrades will be promoted to the leading body of the Central Committee, while some veteran comrades will step down. This is itself a kind of reform, which will guarantee the stability of our political situation and the continuity of our policies. China needs stability. Without a stable political situation, its construction would be out of the question. He added: Some people have said that we have retreated in conducting reform and opening to the outside world in the past 2 years. Actually, we are forging ahead in a down-to-earth way. The growth rate of China's industrial and agricultural production is still in the double-digits.

Deng Xiaoping said: Our general situation is good. At least we can see that in the 1990's China will still advance in its economic development steadily and at not too slow a speed, as now. Of course, we should pay attention to preventing too high a speed so as to avoid detours.

In addition, Deng Xiaoping talked with Strauss on the Xizang issue. Deng Xiaoping said: Xizang's development has a very bright future. It also has a vast expanse of land and abounds in natural resources. With support and assistance from the interior, considerable progress has now been made in its economic construction. The Dalai Lama and a few U.S. congressmen have created a little bit of trouble for us. However, this will not affect our overall good situation. On the contrary, it has shown the ignorance and arrogance of those U.S. congressmen and revealed their true nature. He added: Some people want to separate Xizang from China and take it over. I don't think they have the ability. [Beijing *Xinhua* in English at 0824 GMT on 16 October in a similar report failed to mention the preceding two sentences]

Strauss told Deng Xiaoping: We support your Xizang policy. The fact that our federal government is funding two construction projects in Xizang demonstrates our support for your policy of helping Xizang.

Touching on international issues, Deng Xiaoping said: The U.S.-Soviet agreement in principle on intermediate-range missiles is only the first step and a beginning. We welcome this, but they should continue to advance. He said: Peace can be won, but much remains yet to be done, not only in this century but also in the next.

Strauss Urges Caution on Tibet

OW171844 Beijing XINHUA in English 1840 GMT
17 Oct 87

[Text] Bonn, October 17 (XINHUA)—Federal Germany and the United States should take a cautious stance on the "Tibet question," Franz Josef Strauss, chairman of the Christian Social Union and Bavaria's minister-president, suggested today.

On his return from Beijing to Munich, Strauss told a reporter from Deutsche Press-Agentur that it was not Bonn's task to see all over the world, with a magnifier, whether parliamentary democracy is realized according to "our ideal standard," and that "whether Tibet belongs to China or not does not depend on us."

Asked about the United States attitude toward Tibet, Mr. Strauss said things would be better if the United States did not evaluate things in the world from the viewpoint of American-style democracy. He said the U.S. interference in Iran was a most obvious example of an American misvaluation.

Zheng Tuobin Hosts British Visitors

OW171633 Beijing XINHUA in English 1609 GMT
17 Oct 87

[Text] Beijing, October 17 (XINHUA)—Zheng Tuobin, minister of foreign economic relations and trade, held a talk on Sino-British economic and trade ties with Lord Young of Graffham, British secretary of state for trade and industry, here this morning.

Both sides expressed hope that the Sino-British economic and trade relations would constantly develop.

Lord Young arrived here yesterday as guest of his Chinese counterpart. He will also attend the Sino-British economic and trade fair scheduled to be held in Tianjin.

Present on the occasion was British Ambassador to China Richard Evans.

In the evening, Zheng hosted a dinner for his British guests.

East Europe

Beijing Russian Reviews Kadar's PRC Visit

OW161035 Beijing in Russian to the USSR 1800 GMT
15 Oct 87

[Text] During his 4 day visit to Beijing, Comrade Kadar held talks with Zhao Ziyang, acting general secretary of the CPC Central Committee, and premier of the PRC, on questions of mutual interest. He also had cordial meetings and talks with Chinese leaders Deng Xiaoping, Li Xiannian, and Peng Zhen.

The talks and discussions showed that both sides share identical or similar positions on a number of main questions. Both sides spoke out in favor of facilitating the relaxation of international tension, of preserving peace in the world, of building socialism consistent with the realities in their respective countries, and of carrying out reform. The agreements and discussions also demonstrated the aspirations of the leaders of the two countries to further increase efforts for exchange, to learn from one another in all areas, and to march forward together in the spirit of friendly cooperation.

Zhao Ziyang, acting general secretary of the CPC Central Committee, at a banquet held on 11 October in honor of Janos Kadar, general secretary of the Hungarian Socialist Workers Party [MSZMP], said: Reforms both in China and Hungary are at a new level of development; there are also similarities on the question of adhering to the path of reform, we are prepared to frequently exchange experiences with our Hungarian friends and to learn from one another, in order to march forward together.

Hungary is one of the initiators of reforms among the socialist countries. Hungary began reforming its economic system in 1968. Since then Hungary has accumulated a great deal of experience.

When the Chinese leader Zhao Ziyang visited five East European countries in June this year, he visited Hungary and held fruitful talks with General Secretary Kadar. Four months later Comrade Kadar met with Comrade Zhao Ziyang in Beijing and was introduced to other Chinese leaders. Both sides briefed each other on the progress attained in the course of building socialism and the goals achieved, and had an exchange of views on developing economic cooperation. They expressed readiness to further increase friendly cooperation on the existing basis in the economic, trade, scientific, and technical areas.

In their meetings and talks with Kadar, the Chinese leaders particularly dwelled on the 13th CPC Congress which will be held at the end of this month. Zhao Ziyang, acting general secretary of the CPC Committee, said that the 13th CPC Congress will serve as a forum for the

multifaceted acceleration of [word indistinct] reform and the broadening of foreign ties so that China can continue to advance on the path of socialism with Chinese characteristics.

Deng Xiaoping, chairman of the Central Advisory Commission, at his meeting with Comrade Kadar on 13 October, briefed the latter on the reforms currently taking place in China and the broadening of ties with the outside world. Deng Xiaoping said: Our main task is to develop social productive forces. In order to demonstrate the advantages of socialism it is necessary to find the right path to follow. It is necessary to carry out reform.

At his meetings and talks with the Chinese leaders, Comrade Kadar reviewed the road Hungary has taken in reform. He said: Only through reforms can the cause of socialism be promoted. He welcomes the reforms that are taking place in China, the policies of broadening ties with the outside world, and the four main principles China persists in.

Janos Kadar, general secretary of the MSZMP, visited China twice—in 1956 and 1957. This was his third visit to our country. He saw for himself the changes which have taken place in China since the launching of reform and the broadening of ties with foreign countries. The recent meetings and talks with Chinese leaders have helped him to understand China even more and strengthened the traditional friendly relations between the two countries. As Comrade Kadar told journalists: During the talks both sides achieved a unity of views. Today, as well as in the future, Hungarian-Chinese relations must continue to develop on a solid foundation.

CPC Central Committee Plenum Topics Listed
OW180857 Tokyo KYODO in English 0853 GMT
18 Oct 87

[Text] Beijing, Oct. 18 KYODO—The Chinese Communist Party will open a three-day general conference of its Central Committee Tuesday [20 October] to pave the way for the 13th Party Congress to start next Sunday, Chinese sources said Sunday.

The sources said the general meeting, the seventh since the previous 12th Party Congress was held five years ago, will study and approve a Central Committee report and party rules revision plans to be presented to the congress, and decide on the congress schedule.

The Central Committee will issue a communique after the general meeting and officially announce the opening of the party congress next Sunday [25 October], the sources said.

Reliable sources said the general conference was originally scheduled to start last Thursday but has been put off until Tuesday because drastic political reform plans incorporated in the committee report have met with opposition from some party members. The sources did not elaborate.

The sources said the general meeting will approve the resignation in January of party General Secretary Hu Yaobang and the appointment of Premier Zhao Ziyang as acting general secretary.

There is also speculation that the general meeting will officially name Zhao as party general secretary and Zhao will read the committee report on the first day of the congress Tuesday under the title of party general secretary.

The sources said the party congress will last until November 2 and the party will then hold a Central Committee meeting until November 4 to decide on the party's leadership.

CPC To Emphasize Reforms, Structural Changes
HK170638 Hong Kong SOUTH CHINA MORNING POST (SATURDAY REVIEW) in English 17 Oct 87
p 5

["China Focus": "The Delicate Path of Reform" by David Chen]

[Text] Despite doubts abroad to the contrary, the emphasis will definitely be on political and structural reforms when members and alternate members of the Chinese Communist Party's Central Committee meet on Tuesday for their seventh plenary session.

The task of the 200 delegates will be to approve a working report for presentation at the party's coming national congress.

The reform theme has been repeatedly stressed by the acting party General Secretary, Mr Zhao Ziyang, and the country's top leader, Mr Deng Xiaoping, in their conversations with visiting dignitaries over the past two weeks.

And while it is now generally acknowledged that some of the older leaders will remain in top positions, the emphasis will be on rejuvenation—and an impending change in the structure and concept of the party and government. This will include the truly revolutionary idea of withdrawing party cells from the many ministries of the State Council.

According to the Chinese, the concept of political reforms was actually mooted seven years ago, when Mr Deng broached the idea at an enlarged meeting of the party Politburo.

At that meeting, held in August 1980, Mr Deng proposed five changes:

Amending the constitution so that ordinary people can enjoy the right to manage the country.

Establishing a disciplinary inspection commission within the Communist Party and an advisory commission to guide and supervise party work and promote rejuvenation.

Separation of party and government work.

Democratizing enterprises.

Promoting a responsibility system and collective leadership in the different party organs.

Two months later, a member of the Political Research Division of the party center, Mr Liao Gailong, drafted a report based on Mr Deng's talk; that report has become known as the "Gengshen Reforms" (Gengshen is the Chinese name for the year 1980).

Several points in that report have since been implemented, such as the formation of advisory and disciplinary commissions within the party.

However, obstacles remain to the other proposals. The responsibility system was adopted in a large number of enterprises, but it suffered a serious setback after the rejection of a bankruptcy law by the national People's congress.

However, it is the proposed separation of party and government work that is going to draw most attention. Amendments are expected to be introduced to the party constitution that would mean the withdrawal of party cells from government ministries.

Party cells go back to the establishment of the People's Republic in 1949, when a central government was appointed by the Chinese People's Political Consultative Conference—then the country's parliament and comprising a large number of non-communist members.

While most ministries of the central government were headed by party members, many of the more minor ones were dominated by non-party members.

And in order to ensure Communist Party leadership and supervision, the Communist Party appointed its own cadres to the ministries.

Even after the anti-rightist campaigns of the late 1950s, when almost all the government departments were headed by party members, the structure of party cells continued to exist.

This means that a dual-leadership system exists within the government ministries, and that at times of uncertainty, decisions have often rested with the party cells rather than government ministers. Members of the party cells have also gone as far as to interfere with the day-to-day work of individual ministries.

The abolition of party cells in the government ministries is therefore expected to greatly facilitate administrative work.

There has been speculation that the withdrawal of party cells from the State Council may reduce the influence of the party over this administrative work. However, as Mr Deng himself has pointed out, the party will continue to lead the country and the State Council, as the administration will implement decisions of the party and its many leading organisations.

With conservatives about to take charge of the State Council—headed by Mr Li Peng as Prime Minister—there has also been speculation that the reform policies being worked out by the party under reform-minded General Secretary Mr Zhao Ziyang may be stymied.

Sources close to the Chinese authorities insist, however, that there is no question of the party decisions not being implemented by the administration. They noted that the decision to abolish party cells is a progressive step, which, together with other measures designed to streamline the administration, will go a long way towards developing an effective government.

Still, the withdrawal of party cells is expected to have a profound effect on the whole party and administrative structure. One little-known fact is that many of the sensitive ministries, such as nuclear industry, the machinery industry, the aviation industry, ordnance, space, chemicals and electronics, have party cells of a special nature whose directives far outweigh those of the ministers.

For instance, the party representative in the nuclear industry at present is not the minister himself but the head and party committee secretary of the Ninth Research Institute, which is heavily involved in military production.

It remains to be seen just how sensitive party directives could be effectively implemented in such ministries once the party cells are withdrawn.

Analysts also note that many problems appeared until recently to have been resolved and that the congress is going to be a reform-oriented session.

Preparatory meetings for the seventh plenary session of the 12th Central Committee have been underway for several days and the plenum itself is expected to last only one day.

The plenary session will also discuss one rather cryptic issue—the dismissal of Mr Shen Tu, the former director of the Civil Aviation Administration of China (CAAC), from the Central Committee.

Mr Shen was earlier removed from his government post for incompetence but his dismissal from the Central Committee only days from the birth of a new Central Committee could only be interpreted as a deliberate punishment for the party official.

During his decades as CAAC chief, China had several air tragedies, airport explosions, and a number of hijackings.

The most spectacular was the hijacking of a civilian airliner that landed in Seoul. Mr Shen led a delegation to the South Korean capital and negotiated for the return of the aircraft, the crew and some passengers—but failed to obtain the return of the hijackers.

The incident was a great humiliation for China, even though some argued that it paved the way for improved contracts between the two countries.

Deng To Remain Leader After Semi-Retirement
HK170216 Hong Kong AFP in English 0205 GMT
17 Oct 87

[By Pierre-Antoine Donet]

[Text] Beijing, Oct 17 (AFP)—Top leader Deng Xiaoping's failure to find an acceptable successor means he will continue to wield power in China after his semi-retirement later this month, diplomats and Western analysts said here.

Mr. Deng, 83, has said he will give up all his official posts except that of chairman of the Central Military Commission at the 13th congress of the Chinese Communist Party which opens on October 25.

However diplomats said his failure so far to find a successor capable of gaining the support both of the Chinese army and opposing party factions means he is bound to remain the country's undisputed leader.

He will continue to have the final say on all important issues, they said.

Mr. Deng's effective retirement will thus be postponed despite a mass handover of power at the congress with the planned replacement of many members of the "old guard" by a new generation of leaders, Western analysts noted.

In January, Mr. Deng suffered a serious blow with the disgrace of 72-year old party leader Hu Yaobang, a staunch political ally whom he had pushed to the top of the regime in a bid to boost his economic reforms and open-door policy.

Since his return to power in 1977, Mr. Deng had done his best to impose Mr. Hu's authority on the army and party conservatives, but without success.

After student demonstrations for more democracy late last year, the party's orthodox wing were able to oust Mr. Hu, Mr. Deng's apparent heir, with an ease which surprised most observers here.

Under pressure of time and weakened by Mr. Hu's demise, Mr. Deng is now doing all he can to gain acceptance for his new chosen successor, Prime Minister Zhao Ziyang, observers said.

Mr. Zhao, 69, a reformist made interim party leader after Mr. Hu's fall, will almost certainly be confirmed in the post during the congress.

But the top leader has still far to go before imposing Mr. Zhao as his successor, and were Mr. Deng to die, the regime would be crippled by doubts over who should replace him, Western diplomats said.

Mr. Deng would have to continue to wield power for several years despite his semi-retirement if he wanted to ensure support for Mr. Zhao, whom he recently called his "grand intendant," they said.

Whether he succeeds in doing so remains to be seen, the diplomats said.

"No one at present has sufficient charisma or stature to play the central and vital role now played by Deng Xiaoping, who draws together and acts as supreme arbiter between or posing factions," said one diplomat.

"So long as no successor has been found and accepted, Deng's reforms could collapse like a house of cards after his death," he added.

Mr. Zhao himself has on at least three occasions expressed his doubts over his future role. Given a choice, he has said, he would continue to be prime minister and hand over the party leadership to someone else.

Such statements should not be read as false modesty on the part of Mr. Zhao, who is in reality all too happy to accept promotion, observers said.

They are probably prompted by fears that he may pay the price of party rivalries and find himself pushed out of the limelight like Mr. Hu and many others before him, diplomats said.

Mr. Deng appears healthy, with a vitality remarkable for his age. Diplomats who knew former leader Mao Zedong pointed to the striking contrast between the two men. Mao was senile by the time he was 80 and died at 83, they said.

Despite the absence of a successor, the rejuvenation of the party will guarantee that Mr. Deng's reformist policies are maintained at least in the short and medium term, observers said.

Mao Zedong also had problems finding a successor, suffering disappointments with Lin Biao, who was disgraced and accused of plotting a coup in 1971, and with Hua Guofeng, ousted from power a few years after Mao's death in 1976.

PRC Stamp To Mark 13th CPC National Congress
OW170930 Beijing XINHUA in English 0759 GMT
17 Oct 87

[Text] Beijing, October 17 (XINHUA)—A commemorative stamp will be issued on October 25 to mark the opening of the 13th National Congress of the Communist Party of China (CPC), the Chinese Ministry of Posts and Telecommunications announced here today.

The stamp features the pattern of the rising sun and the CPC flag. Measuring 40x30 mm, the stamp bears a face value of eight fen.

Article Calls for Improving Democracy
OW161524 Beijing XINHUA in English 1505 GMT
16 Oct 87

[Text] Beijing, October 16 (XINHUA)—A signed article in today's "People's Daily" called for improving socialist democracy by proceeding from the country's specific conditions.

While acknowledging the need to improve the system, it said that the target should be achieved through "down-to-earth, practical" steps and under the leadership of the Chinese Communist Party.

According to the article, signed by political scientists Lu Hangsheng and Hua Xianchong, the points of departure should be:

— Adherence to the fundamental structures of socialist democracy, including leadership by the Communist Party, the people's democratic dictatorship and the people's congress system, which are based on public ownership and suit the needs of the development of the social productive forces;

— Acknowledgement of the difficult, controversial nature of the task of changing some specific systems which were formed under the historical conditions in the past, such as the unified leadership of the party committees in enterprises.

— The necessity of eliminating evils originating from feudal and bourgeois ideology, such as bureaucracy, personality cult, paternalism, patriarchy, hierarchy, autocracy and nepotism.

In striving to improve socialist democracy, the article said, attention must also be paid to other social and historical limitations to which China has been subjected.

These include China's heritage of feudalism, lack of democratic traditions and low level of scientific and educational development, as well as the relative superiority over China of international capitalism in the development of science, education and material production.

"On the one hand we need to accelerate the improvement of socialist democracy and fight feudalism and bureaucracy to boost the people's initiative and emancipate the social productive forces," the article said.

"On the other, the work must be done in a down-to-earth manner and democracy must be expanded step by step and in a planned manner to prevent social disturbances."

After reviewing what has been done since 1979 to make the country's political and social life, and economic management more democratic, the article made the following proposals:

— Improvement of the system of election of deputies to people's congresses. "Any candidate, whether nominated by an organization or individual voters, has the right to stand, provided the legal procedures for his or her nomination are followed."

— More democracy in grass-root units. This can be achieved by encouraging mass involvement in management.

— Opening more channels for consultation and dialogue between leaders and people.

— Letting the people have more access to information about public affairs and letting the mass media play a still greater role.

"The people are the masters of our socialist country, and they have the right to know about major issues of the state and to express their opinions on social problems," the article said.

Because of this, it continued, "There is a need to make full use of the available modern means of mass communication to increase the coverage of state and government affairs."

The article also proposed that the improvement of democracy and the country's legal system go hand in hand.

It quoted top leader Deng Xiaoping as saying: "As our system of democracy is yet to be perfected, there is the need to formulate a series of laws, decrees and regulations to make it institutionalized."

XINHUA Head on Leadership Change, Policy
HK170738 Hong Kong HONGKONG STANDARD
in English 17 Oct 87 p 2

[By Kathy Chan]

[Text] China would stick to its reforms and open policy despite changes in leadership there, a *Xinhua* official guaranteed.

Mr Fang Jun, head of the Kowloon Office of *Xinhua News Agency*, Hong Kong branch, said at a dinner meeting of the Rotary Club of Kwun Tong last night that some people were worried that China's open policy would change with the leadership.

He said people worried because they did not understand China was determined to keep its open policy and continue its reforms.

China was determined to do so because experience had shown that it could survive and develop to an advanced state by sticking to its open policy started in 1978.

When asked what was the meaning of "socialism the Chinese way," Mr Fang said China would keep to two principles: to observe the four cardinal principles on one hand and continue with the open policy and reforms on the other.

China aimed to double its GNP by the end of this century and could match the developed countries by the middle of the next century.

A guest member at the dinner meeting asked if China would stick to the dictatorship of the proletariat—one of the four cardinal principles—when its economic strength reached the average level of a “small wealthy state” which meant people would own property and belong to the bourgeoisie class.

Mr Fang declined to answer but said there would be special cases in the early stage of economic reforms, like the current “Wen Yuan Hu” (household with annual income of 10,000 yuan) who were wealthier than the average people.

Another member asked if the Communists would allow competition from other political parties in ruling the country. Mr Fang said there were already seven or eight political parties in China but the Communist Party must be the ruling party as China must be a socialist state.

But he guaranteed there would be no dictatorship of the Communist Party in Hong Kong after 1997 because it would be run under the concept of “one country two system” by which the capitalist system would remain unchanged for 50 years.

Mr Fang said the total industrial and agricultural output in the past nine years was about 950 billion yuan which was nearly double the output of 560 billion yuan in the 29 years between 1949 and 1978.

Article Cites Deng on Political Reform
OW180455 Beijing BEIJING REVIEW in English
28 Sep 87 p 14

[Article by Huang Chi: “Deng’s Ideas on Political Restructuring”—boldface passages as published]

[Text] A study of Deng’s expositions on the reform of the political structure shows that the reform can be summed up as follows:

1. Separating the functions of the Party from government.

The problem of the confusion of responsibility between the party and government and of the usurpation of government functions by the party has existed for a long time in China’s system of leadership. It is the root cause of over-concentration of powers and a major reason for bureaucracy and administrative inefficiency.

In fact, the functions and work style of the party and government are different. The Party’s main functions are to work out its own guidelines and state policies and exercise overall leadership. Through legal processes, the organs of state power convert the Party’s political line into state intentions and are responsible for its implementation and administration. Party decisions and discipline are only binding on its organizations and members. Party organizations can only influence and mobilize the masses through the exemplary acts of their members. The organs of state power can, however,

manage the country through administrative measures. The key to Deng’s concept of political reform lies in the separation of the party from government administration. The intention is not to change the leading position of the communist party, but to reform the Party’s methods of leadership; not to weaken, but to improve and strengthen Party leadership.

2. Delegating powers to the lower levels.

The delegation of powers to the lower levels is the second important aspect in Deng’s concept of the political restructuring. This involves relations between the central and local governments, as well as between local governments at various levels and between the government and enterprises.

Deng has placed special emphasis on the problem of separating government responsibilities from those of enterprises. He contended that without a delegation of power to the lower levels, it would be difficult to stimulate enterprises’ initiative. Deng also suggested that enterprises also delegate power to lower levels and to grass-roots units, so that workers and technicians have a say in management decisions.

3. Streamlining the administrative structure.

The paring down of the administrative structure has been regarded by Deng as a revolution. He pointed out: “The leading bodies at all levels are unwieldy and overstaffed. The extra hands look for something to do. The worst consequences of this are debilitating delays, slow policy decision-making and ineffective problem-solving, hampering an effort to motivate the lower levels.”

Deng also said that streamlining the administrative structure is related to the delegation of power to lower levels. The idea of implementing structural reform through an initial change of functions has replaced the former practice of reducing personnel numbers by purely administrative means which only temporarily halts the swelling of the administrative structure. In line with this idea, overlapping administrative organs in the Party committees, resulting from the mixing of Party and government functions, should be gradually reduced as will economic managerial units in government organizations arising from the lack of separate responsibilities between government and enterprise.

4. Reforming the cadre and personnel system.

Deng has made many important suggestions in this connection, including the establishment of a retirement system for cadres, and the systems of recruitment, appointment, removal, assessment, impeachment and rotation.

Deng believes that central to reforming the cadre and personnel system is the appointment of younger people to leading positions. The vitality of the Party and government lies with the younger cadres. If they do not gradually assign younger people to the leading posts, and continue to "let the old and ailing stand in the way of young people who are energetic and able, not only will the four modernizations fail but the party and state will face a mortal trial and perhaps perish."

5. Developing socialist democracy and improving the socialist legal system.

Deng feels that in a country with a feudal history dating back several thousand years, to encourage the development of socialist cause and to ensure the democratization of the Party and state, economic management and society as a whole, it is necessary to establish a social democratic system and a socialist legal system.

However, because any democracy is conditional, Deng stressed that speaking of democracy, bourgeois democracy should not be copied. It is precisely for this reason that this spring those people who advocated "total Westernization" were criticized.

Deng has attached great importance to the issue of democracy at the grass-roots level and stressed that workers' and farmers' democratic rights, including democratic elections, management and supervision, should be effectively safeguarded.

Deng also pointed out that democracy can only be developed gradually because China is still in the preliminary stage of socialism, and the cultural level and political experience of the people have not reached a high level. Thoughtless pursuit of "democratic forms" will not help realize a genuine democracy.

When speaking about political restructuring, Deng linked the establishment of democracy with that of a legal system. He stated that in order to ensure democracy for the people, it is necessary to strengthen the legal system, institutionalize and legalize democracy. The system and law will not alter because of changes in the leadership and in the views of the leaders.

Deng said that his own visions do not cover all aspects of the reform of the political structure. He noted that revamping and improving Party and state systems is an arduous, long-term task which calls for thorough study. Details of the reform of the political structure will be fully discussed and studied at the forthcoming party congress.

The reform of the political structure is a complicated task. It covers a wide area and will be restricted by social economic and cultural factors. Deng put forward four proposals for the implementation of the reform:

First, reform will be carried out step by step in a planned way under the leadership of the Communist Party of China. It is the Communist Party of China which first proposed the reform of China's political structure. But this reform does not aim to change the fundamental political system of socialism, but to improve and consolidate the system. Therefore, only when it is carried out under the Party's leadership can it be successfully accomplished. That is an obvious yet very important point. The modern history of China has proved that progress of the state would have been impossible without the correct leadership of the Communist Party. The bitter lesson of "kicking aside the party committees to make revolution," a slogan raised during the "cultural revolution," is still fresh in the people's memory. Without the Party's leadership there would be no stability and order. Deng emphasized that without order, interference of one form or another will consume all energy and reform will not be accomplished.

Second, reform should not be carried out in the form of a mass movement. Deng stated: "Historical experience showed that by launching a mass movement, no currently functioning systems were ever reformed or new ones established by substituting a mass movement for solid, systematic measures."

In fact, in the preliminary stage of socialism, it is absolutely impossible to attempt to change the political structure by launching one or two movements and expanding democracy by a "great leap forward." On the contrary, it will only create obstacles to reform and the establishment of democracy. Reform of the political structure will be a long-term task in China, brought about only with the development of productive forces.

Third, bold exploration but discretion in carrying out the reform. The political restructuring in a socialist country is a new concept that cannot be found in the classical Marxist-Leninist works nor in the experience of predecessors. It is therefore necessary to make bold exploration without fear of any risks involved, and to act with great care, not with undue haste.

Deng stresses that absence of a political restructuring will make it impossible to keep abreast of the situation. He pointed out that the problem is very complicated. Each reform involves a broad section of people and a wide range of issues; it affects the interests of many people and will encounter many obstacles. This requires steering a very cautious course. Since China is very large and the situation very complex, reform is not easy. Therefore, one must be prudent when making policy decisions.

Fourth, basing ourselves on conditions in China and learning whatever is useful to us. The idea of reforming China's political structure has been set forth in the light of China's own conditions. Therefore, it must be based on the practices of the country. This does not mean,

however, that there is no need to learn from other socialist countries' experience in reform and from useful administrative and economic management methods from capitalist countries.

Deng said long ago: "We should learn everything useful to us from the capitalist countries." Of course, "Western patterns should not be copied mechanically, nor should liberalization be encouraged." Complete Westernization will only plunge China into anarchy and regression. The correct way is to base oneself on the conditions of the country and critically assimilate successful ways from other countries in the world.

Fight Against Bureaucracy To Continue
OW161440 Beijing BEIJING REVIEW in English
5 Oct 87 pp 4, 5

[Article by An Zhiguo: "The Fight Against Bureaucracy"]

[Text] Bureaucracy has recently come under fire, and leading cadres who committed serious bureaucratic errors have been dealt with. After the Greater Higgan Mountain forest fire in May caused by confused management, lax discipline, and carelessness, the State Council dismissed the minister and a vice-minister of forestry from their posts. Recently 17 officials in the forest area who were responsible for the fire were dealt with. They include the secretary of the forest area party committee, and the director of the administrative office. Some were arrested for dereliction of duty, others were removed from party and nonparty posts or given other penalties.

The head of Cangshan county in Shandong Province was dismissed for remaining indifferent to the farmers' interests. The county had a bumper harvest of over 10 million kg. of garlic bolts, but the county government failed to organize the purchase and sales properly, so prices slumped and the farmers complained bitterly.

Bureaucracy, characterized by isolation from the masses and reality, delays, inefficiency, and irresponsibility is quite common in China's political life. The government has repeatedly called for efforts to overcome bureaucracy, but without tangible results. An important reason is that bureaucracy was never severely punished and people who had committed serious bureaucratic errors were just required to make a self-criticism. Recently bureaucracy was exposed and severely punished. This has had a great impact on those with bureaucratic tendencies and has educated cadres and people in general.

Serious bureaucratic errors such as those mentioned above are not so common. But there are many other forms of bureaucracy in daily life. For example, some leading cadres make arbitrary decisions without first familiarizing themselves with the objective situation. In foreign trade, the same equipment was ordered twice or three times over; sometimes home-made equipment

shipped abroad was mistaken for advanced foreign technology and bought back—representing a waste of manpower, material, and money.

Some leaders turn a deaf ear to the voice of the people and a blind eye to their well-being. They delay dealing with crimes and violations of discipline. Unlike major catastrophes, these manifestations of bureaucracy are easily overlooked, but their harm is great.

The Chinese party, Government and mass media all call for continuing the struggle against bureaucracy in all its forms. Many central and local leading bodies recently examined their own bureaucratic problems and began dealing with them. Transport departments, for instance, have taken emergency measures to solve the problem of goods piled at airports and railway stations; water conservancy departments checked to see whether anti-flood measures have been implemented.

Socialist China calls on all cadres to work wholeheartedly for the people. They are duty-bound to serve the public and have no right to act as overlords. In fact, China has many outstanding cadres, but some have become bureaucratic because they have been contaminated by bad thinking and work style and totally forgotten the purpose of their jobs—servicing the people.

The emergence of bureaucracy is attributed not only to personal attitude and work style but also to the current management system which is characterized by overconcentration of power. In party-government relations, power is overly concentrated in the party. Too much power is held by the central authorities, and not enough locally. Many problems, which should have been solved by local authorities and grass-roots units, are referred to central departments or leading bodies. Leading cadres are not omnipotent. If they take on too much, many things are inevitably left undone, or are badly one—all of this begets bureaucratism.

China's legal system is not perfect and it lacks strict administrative laws and regulations and a system of personal responsibility. The absence of clear stipulations on the responsibilities and powers of an organization and each person within it hinders efforts to tackle problems on one's own. In many cases there are no regulations to go by. Whenever a problem arises, the lower levels seek instruction from the higher authorities who then have to prepare a written reply. Official documents circulate and a resolution is delayed.

The democratic system currently in force is not sound either. Ordinary people find it hard to exercise supervision over leading cadres, who generally have an "iron chair" (a secure post). Some cadres, whose thinking and work style are far from satisfactory and about whom the people complain, tend to remain in position unless they break the law or make other serious errors.

In recent years China has discussed the issue of political restructuring, such as separating party and government functions, delegating powers to the lower levels, granting greater autonomy to localities and enterprises and abolishing life-long tenure for leading cadres. Democratic appraisal, election, and recommendation of cadres are practised in some organizations and enterprises. The State Council and provincial and municipal governments have restored supervisory departments to oversee cadres. The emphasis at the moment is focused on dealing with bribery in foreign trade. It has been decreed that from now on party members who take bribes will be expelled from the party regardless of the gravity of the case. All these efforts have yielded some results, but on the whole, the reforms are still at the experimental stage.

Political restructuring is high on the agenda of the forthcoming 13th party congress. Deng Xiaoping keeps emphasizing that political restructuring is aimed at motivating the masses, raising efficiency and overcoming bureaucracy. It can be expected that as long as China continues to combat bureaucracy, strengthen the education of cadres in the need to serve the people, reform the management system and improve the democratic and legal systems, the undesirable thinking and work style will be corrected.

Elementary Stage of Socialism Viewed
OW160808 Beijing XINHUA in English 0735 GMT
16 Oct 87

["Theory Roundup: Elementary Stage of Socialism—Key To Understanding Present-Day China (by XINHUA senior writer Zong Shu)"]—XINHUA headline]

[Text] Beijing, October 16—"Running Into Communism"—this slogan first appeared in a north China farming county of Xushui in 1958 when China started what was known as a "great leap forward" in economic development.

The disastrous "great leap forward" was later scrapped. But in the ensuing two decades Chinese economy continued to experience ups and downs. The root cause was the leftist errors of the party leadership in the hope of skipping over what is now termed the "elementary stage of socialism".

The errors also led to taking class struggle as the "key link" to the neglect of developing productive forces—which should have been the crucial task in the elementary stage of socialism.

This resulted in the practice of trying to push up production on sheer enthusiasm of people. On the other hand, policy-makers were anxious to achieve a uniform public ownership on the assumption that the greater degree of public ownership, the higher stage of socialism it represented. The practice of egalitarianism in the field of distribution was the order of the day, dampening workers' enthusiasm.

All this conditioned people's thinking which lingers till today as is evidenced by the people's attitude toward reforms.

The characteristic attitude of people toward economic reforms over the past nine years is: While people generally welcome the measures of reform as bringing real benefits to them, many feel uncertain whether a new measure is "socialist or capitalist" by nature. The task of furnishing a convincing answer to this question is a challenge to the Chinese economists, for many people have been deeply troubled by the dogmatic notions of the past.

The answer lies in recognizing China's realities and re-evaluating the current notions concerning theories on the socialist economy in light of actual conditions in China. The work of the Chinese Communist Party in this respect has culminated in the new concept that China is still in the elementary stage of socialism, and China's economists have made their contributions to the formulation of this new concept.

The concept that China is still in the elementary stage of socialism first appeared in the resolution of the party Central Committee on some historical issues adopted at the Sixth Plenary Session of the 11th Central Party Committee in June 1981. It reappeared in the political report to the 12th National Party Congress in 1982.

Economists have had comprehensive and deep-going discussions on the topic. Many articles have been carried in Chinese newspapers and theoretical journals in the last few months in particular, and the content of this concept is becoming ever more clearer.

According to the economists, in the Chinese context, the elementary stage of socialism began with the establishment of public ownership of means of production in China, that is, in the 1950's will last until China achieves a middle level of economic development.

Chinese top leader Deng Xiaoping envisages China will reach that stage of economic development in the middle of next century.

The concept has dual meanings, said an economist in his answer to questions from readers in the "People's Daily": On the one hand, it means that China has already entered the stage of socialism and will continue along this direction; on the other hand, the socialist system is far from being perfect and it will take a long time to make it so.

Chinese economists are working to identify the basic characteristics of this elementary stage of socialism in China. A group of economists at the Chinese Academy of Social Sciences tried to summarize the salient features as follows:

—China has been building socialism and its productive forces have grown greatly and promise enormous potential for development, yet the productivity is still very low and so is the degree of socialized and commodity production;

—The socialist relations of production have been established and are developing continuously, yet the public ownership system and the system of distribution according to work are still imperfect;

—the basic political system of socialism has been predominant, yet people's democracy is far from ample in scope and depth.

They conclude that these salient features stem from the fact that China started building socialism on the basis of a semi-feudal, semi-colonial society that existed until 1949.

In the past the Chinese economists found themselves in a dilemma: on the one hand, market mechanism, the development of commodity economy and the existence of multi economic sectors were denounced as "reviving capitalism"; on the other hand, without these, the effort of building socialism clashed sharply with the process of developing the productive forces and socializing the production.

Many economists in China now conclude that a commodity economy, market mechanism and planning mechanism are all neutral means and methods that do not determine the basic economic system of a society and they accommodate and promote the socialization of production. Economists of the Institute of Economics stated that establishing and developing a multi-ownership system centering around the public ownerships will be favorable for the development of the socialist economy and "can better solve the problem of friction between social equality and efficiency".

The conclusion may be regarded as a breakthrough for Chinese theorists.

The concept that China is still in the elementary stage of socialism is not only key to understanding the sweeping economic reforms but also is paving the way for the coming political structural reforms which are expected to be unfolded in the wake of the 13th National Party Congress scheduled for later this month.

An authoritative and profound exposition of the concept is expected to come out at the party congress.

BEIJING REVIEW Says Dalai Lama Welcome
HK190908 Hong Kong AFP in English 0851 GMT
19 OCT 87

[Text] Beijing, Oct 19 (AFP)—The Dalai Lama is welcome to return to China as long as he settles outside Tibet and abandons claims for Tibetan independence, an official magazine said here Monday.

"We sincerely welcome the Dalai Lama and his followers to return and settle down" said the English-language *Beijing Review*, which is controlled by the Communist Party.

"We hope they will be able to contribute to safeguarding the unification of the motherland," the magazine added.

The Dalai Lama, Tibetans' spiritual leader, has been living in exile in India since he left the region following bloody anti-Chinese riots in 1959, nine years after Chinese troops moved into Tibet.

The *Beijing Review* said that if he returned to China the Dalai Lama "will naturally be free to regularly tour Tibet," implying that he would not be allowed to settle in his former home, the Potala Palace looking over Lhasa the Tibetan capital.

The *Beijing Review* also said that if the Dalai Lama returned to China, he could be elected vice-president of the People's National Assembly (Parliament) and vice-president of the People's political consultative assembly, which holds little power.

"But he should not simultaneously hold posts in Tibet," the magazine said, implying that he would not be able to wield any political or religious authority in Tibet.

China has for several years tried to induce the Dalai Lama to return, but he has urged China to withdraw its troops from the area and accused Beijing of serious human rights violations in Tibet.

Three pro-independence demonstrations shook Lhasa between September 27 and October 6, and up to 13 people were killed and many injured when Chinese police opened fire on some 2,000 Tibetan demonstrators on October 1.

Following the demonstrations in Lhasa, the Dalai Lama condemned all acts of violence, but urged passive resistance against the Chinese authorities.

The cover of the latest edition of the *Beijing Review* shows foreigners talking to Tibetans under the heading "Tibet opens up to the world." China announced the virtual closure of the region to foreigners last week in the wake of the unrest, and it was not immediately clear if the magazine had already gone to press when the announcement was made.

Commentator Views Regional National Autonomy
HK170530 Beijing JIEFANGJUN BAO in Chinese
5 Oct 87 p 2

[Commentator's article: "Strive To Consolidate the Solidarity and Unity of All Nationalities—in Commemoration of the Third Anniversary of the Law of Regional National Autonomy"]

[Text] Regional national autonomy is a brilliant creation initiated by our party to solve the national problem by applying Marxism-Leninism. Experience has proved

that the exercise of regional national autonomy in a multinational country like China plays a great role in sparking the enthusiasm of the people of all our nationalities for being the masters of their own affairs; building a socialist relationship between nationalities marked by equality, solidarity and mutual help; consolidating the national unity; and promoting regional national autonomy and the socialist construction of the entire country. This is why regional national autonomy has become one of the major aspects of the party's policies on nationalities affairs and an important political system in our country. "The PRC Law of Regional National Autonomy," which was approved at the Second Session of the Sixth NPC and was enacted from 1 October 1984, codified and institutionalized this national policy of our party.

The Regional National Autonomy Law is a basic law for implementing the system of regional national autonomy as prescribed by the state Constitution. As a basic law, its position and effect are just second to those of the state Constitution. Regardless of ethnic nationality or Han nationality, all officers and men of our Army and all units, no matter where they are stationed, in the national autonomous areas or in other areas, are all bound to study and enforce the law. Certainly units stationed in the national autonomous areas should make special efforts to enforce it. While all of the Army and all of the people of the country are spreading knowledge of the law, all units should first thoroughly study the regional national autonomy law as a major aspect of spreading law knowledge.

In studying and enforcing the Regional National Autonomy Law, all officers and men should first and foremost foster the legal sense of the quality, solidarity, and common prosperity of all nationalities, cultivate the idea that the Han nationality and the minority nationalities are as inseparable as fish and water, and energetically protect and promote the solidarity of all nationalities. We must respect the power of national autonomy delegated to the national autonomous areas, correctly understand and implement all national policies of our party and state, and refrain from encroaching on the interests of national autonomous areas of the minority nationalities. At the same time, we must lend enthusiastic support to all aspects of work in the national autonomous areas and render them assistance in socialist economic and cultural construction while actively supporting local construction, rushing to deal with emergencies, helping the people surmount natural disasters, and training competent people for both military and civilian service. Meanwhile, we must carry on our Army's glorious tradition of supporting the government and cherishing the people and make ceaseless efforts to cement the solidarity and friendship between the People's Army and the people of all nationalities so as to make contributions in safeguarding the national unity and nationality solidarity.

The key to whether we can correctly implement the national policies of our party and state in different

aspects of work and whether we can strictly observe all stipulations of the Regional National Autonomy Law lies primarily in the understanding of policy and law by all organizations and leaders at various levels. Leaders of all units at various levels should take the lead in thoroughly studying the Regional National Autonomy Law and acquaint themselves with the basic principles of the law. When issuing relevant rules and regulations and making decisions, the higher authorities should fully consider the features and autonomous power of the national autonomous areas. Leading bodies of all units at different levels stationed in the national autonomous areas should all the more keep in mind the Regional National Autonomy Law, set an example in enforcing the law, and care for the interests of the national autonomous areas and of all minority people.

Since the enforcement of the Regional National Autonomy Law 3 years ago, the entire Army, especially the units stationed in the national autonomous areas, has done well in studying and enacting the Regional National Autonomy Law. With the strategic change of the ideas guiding the building of our Army under the new historical conditions, our Army has made unceasing progress in all areas of work in reforms. However, we must further study the Regional National Autonomy Law and deeply understand the great significance of self-government of the national autonomous areas so as to make greater contributions to the solidarity and unity of all our nationalities.

Paper Details Hu Qili's Background

HK170658 Hong Kong *SOUTH CHINA MORNING POST (SATURDAY REVIEW)* in English 17 Oct 87
p 5

["Qili Leads the Young Guard In"; boldface passages as published]

[Text] "Some people say there is now an old guard at the helm; but the young guard is rowing the boat."—Hu Qili

He is 58 years old, an infant by Chinese political standards. But Hu Qili, part of Deng Xiaoping's program to inject the system with new ideas, is one of the young upstarts who has been "helicoptered" vertically into the Great Hall of the People.

In the coming 13th National Party Congress, Mr Hu, already a member of the powerful Party Secretariat, may join the Standing Committee, where he will try to carry Mr Deng's reforms forward.

Mr Hu came into the political limelight as recently as the early 1980s when, as mayor of Tianjin, his successful implementation of reformist policy was brought to Beijing's attention. He was then ushered into China's political hierarchy as First Secretary of the Communist Youth League.

Hardly had he moved into his new office than he was appointed to the Politburo and took a chair in the 11-member Party Secretariat, headed by former General Secretary Hu Yaobang. It was expected that Mr Hu Qili would change desks again to succeed him in the post.

It was not the first time the two had seen each other. They had their heads shaved together during the Cultural Revolution and were both labelled traitorous scabs because of their alliance with the late Liu Shao-chi, at that time portrayed by the leftists as an arch enemy of Mao Zedong.

But when the Cultural Revolution ended, so did Mr Hu Yaobang's labour reform. He was restored to power and, in turn, rehabilitated Mr Hu Qili, finding him a post as vice-president of Qinghua University, one of the top three universities in China...and conveniently located in Beijing.

Since then, Mr Hu Qili's resume has thickened considerably: statesman, travelling to Australia and Japan with Mr Hu Yaobang; trouble-shooter, calming protesting students during demonstrations in 1985; and dedicated campaigner for reforms, giving speeches throughout China.

"The reform of the economy is very complicated," he said in 1985 at a National Day celebration. "It's just like when you drive a car. To go forward you turn the wheel, but you don't turn around. It's not a reversal."

Not long after that speech, though, China's economic and political direction—and Mr Hu's career—were almost thrown off course. Student demonstrations triggered a leftist response in the form of the campaign against bourgeois liberalisation, and Mr Hu Yaobang was forced out of office in disgrace.

Intellectuals and rightists were purged from their jobs and from the party, and the official media blared forth leftist warnings to those with "bourgeois-liberal" tendencies.

Mr Hu Qili, suddenly exposed by the dismissal of Mr Hu Yaobang, not only distanced himself from his one-time mentor, but also allegedly reported the existence of a "secret faction" organised by the former general secretary against conservative elements in the party.

It included the Foreign Minister, Mr Wu Xueqian; Minister for State Security, Mr Jia Chunwang; Vice Premier Mr Qiao Shi; former Communist Youth League Chief Mr Wang Zhaoguo; and himself.

It was believed at the time that Mr Hu's disclosure saved him from the same political fate as his colleague, but that his chances at higher posts were seriously impaired.

Mr Hu Qili has now recovered. The political wind has died down, the reformers have consolidated their position, and he has emerged as a contender for top posts.

He acted briefly as General-Secretary along with senior Vice-Premier Wan Li in the position of Acting-Premier when Mr Zhao Ziyang took a trip to East Europe and Pakistan last June. That was a significant development, because it meant former chief propagandist Deng Lique—a staunch leftist—had been bumped from filling the post.

Shortly after the announcement was made, Mr Deng checked into the hospital for an undisclosed ailment. One can only guess that it was a broken heart: it was the second time he had been passed over in favour of Mr Hu Qili.

Earlier, Mr Hu and the reformist camp had defeated Mr Deng Lique as he tried to stage an abortive campaign against spiritual pollution.

Further, he was selected in February to serve with several other Communist Party Secretariat members organised to oppose bourgeois liberalisation.

Mr Deng Lique, Mr Hu Qiaomu (another conservative) and Mr Hu are working under Mr Deng Xiaoping, supposedly to weed out bourgeois-liberal influences. But analysts believe he was chosen as a force to counter-balance the leftist.

He will also be heading a five-member party group concerned with ideology and propaganda set up to nominate suitable members for various party organisations at the 13th National Party Congress.

The convener of the committee is Mr Zhao, and Mr Wan is there for reformist support as well. But it must be remembered that the old guard, many of whom are conservative, still hold the helm.

Hong Kong Paper on Vice Premier Yao Yilin
HK170654 Hong Kong SOUTH CHINA MORNING
POST (SATURDAY REVIEW) in English 17 Oct 87
p 5

["Walking the Middle Road"]

[Text] Despite his advanced age, 70-year-old economist Yao Yilin is still a viable force in the Chinese leadership. Indeed, his years of experience make him indispensable to the government as it prepares to map out the country's future course.

A party Politburo member and senior vice-premier, Mr Yao has long had an uncanny ability to maintain a middle-of-the-road position, even when the right and left factions veer on to a collision course.

Mr Yao has said that he favours the integration of incentives and material rewards into the economy, but at the same time he is an ally of orthodox economist Chen Yun and thus keeps one foot on the brake and one foot on the accelerator when it comes to reforms.

Not too fast on decentralisation, not too slow on foreign investment: it is a formula for steady economic progress which Mr Yao has said will transform China into a modern world power...after 70 years or more.

At the 13th National Party Congress this month, the vice-premier will be vying to take Prime Minister Zhao Ziyang's post should he be appointed General Secretary of the Party Central Committee.

Analysts believe the new prime minister will come from among the vice-premiers, with Mr Li Peng the strongest contender, Mr Yao second and Mr Tian Jiyun in third place.

The three vice-premiers are supposedly of equal standing, but Mr Li appears to have come to the forefront.

Mr Yao seemed to be the number two man at a press conference earlier this year, answering sensitive questions about the political standing of former General-Secretary Hu Yaobang, political reform and who will fill the top posts this month.

Mr Tian reportedly had the most limited role, dealing only with a few economic questions.

If Mr Yao doesn't get Mr Zhao's position, then he may be appointed to take charge of the key State Planning Commission.

His experience in propaganda, economics and, most recently, foreign affairs, would seem to qualify him for the post.

Following up visits to the Soviet Union by senior Vice-Premier Wan Li and Mr Li Peng, Mr Yao headed talks in Moscow on trade issues and signed a five-year US\$14 billion (about HK\$109 billion) economic agreement with China's northern neighbour, greatly expanding their trade.

Other matters of "mutual interest" were on the agenda, but Mr Yao made it clear that relations with the Soviet Union would not return to the level they enjoyed three decades ago—or at least, not until Soviet troop concentrations were removed from the Chinese border and withdrawn from Afghanistan, and until Kremlin support for the Vietnamese occupation of Kampuchea had been discontinued.

Mr Yao is a native of Anhui Province. He joined the Communist Party in 1935 and took later part in the revolution.

Later he became a regional party official in Tianjin and, as head of the propaganda department of the city's municipal party committee, he rallied the students to demonstrate.

Mr Yao went underground during the Sino-Japanese war, working as Secretary-General of the Hebei Propaganda Department, and was engaged in an armed uprising in eastern Hebei Province.

On the even of liberation he was head of the Industry and Commerce Department of the North China People's Department, and after the communist takeover in 1949, served in the Trade Ministry until his promotion to Minister of Commerce in 1960.

He was purged during the Cultural Revolution, rehabilitated in 1973, and four years later made a full member of the Central Committee.

Named a deputy prime minister in 1979, he served as director of the party's general office and minister of the State Planning Commission from 1980 to 1983.

Hu Qiaomu Notes Ye Shengtao Publication
OW170135 Beijing XINHUA Domestic Service
in Chinese 1219 GMT 16 Oct 8

[Excerpts] Beijing, 16 Oct (XINHUA)—The first four volumes of the "*Collected Works of Ye Shengtao*," edited by Ye's children and published by the Jiangsu Educational Publishing House, will be distributed at the Xinhua Bookstore in Beijing's Wangfujing Street tomorrow.

In a congratulatory letter to the Central Committee of the China Association for Promoting Democracy [CAPD] and the Jiangsu Educational Publishing House [JEPH], Hu Qiaomu, member of the Political Bureau of the CPC Central Committee, notes: "The publication of Volumes 1 through 4 of the '*Collected Works of Ye Shengtao*' is a significant event in China's history of modern culture and publishing. We can see from our revered Mr Ye's writings and commentaries the awakening and struggles of intellectuals in modern China."

It is learned that, when they are all published, the "*Collected Works of Ye Shengtao*" will have 20 volumes, with over 7 million characters. [passage omitted]

The 93-year-old Ye, one of the pioneers of modern Chinese literature and education, now serves as the honorary chairman of the CAPD Central Committee. [passage omitted]

The CAPD and JEPH cosponsored a meeting this afternoon to announce the new books. Present at the meeting to congratulate the publication of the new books were Lei Jieqiong, vice chairman of the CPPCC National Committee and chairman of the CAPD Central Committee; leading members of the Propaganda Department of the CPC Central Committee, the State Educational

Commission, the Newspapers and Publications Administration, the Chinese Publishers' Association, and other relevant departments, as well as personages from the journalistic and publishing circles. [passage omitted]

Wu Xueqian Visits Wuxi, Nanjing 6-8 October
OW170501 Nanjing XINHUA RIBAO in Chinese
9 Oct 87 p 1

[Text] Wu Xueqian, member of the Political Bureau of the CPC Central Committee, state councillor and foreign minister, came from Shanghai to visit Wuxi and Nanjing between 6 and 8 October, after attending the 42nd UN General Assembly.

During his stay in Wuxi, Comrade Wu Xueqian visited Wuxi's township enterprises, the Dongfeng Township Oil Drilling Equipment Plant, the Wuxi Electric Cable Factory and a Chinese-foreign joint venture—the Mashan Sino-Swedish Pharmaceutical Corporation Ltd. in Wuxi City. He also visited the "Training Center in the Asian-Pacific Region for the Study of Fishery," which is jointly administered by China, the UN Development Program, and the Food and Agriculture Organization. He was pleased to hear that this training center has already trained a total of 181 high-ranking researchers and administrators for the study of fishery in 36 countries and regions in the world, and that these graduates have already played a full role in their respective countries. Comrade Wu Xueqian also visited the Zisha Arts and Crafts Factory and the Pottery Museum in Yixing County. On the morning of 8 October, Comrade Wu Xueqian visited the Yangzi Petrochemical Company in Nanjing, and heard a briefing from the company's manager, Dai Shunzhi, on the operation of the company. He also called on the workers on duty in the general control room for the workshop, which is able to turn out 300,000 tons of ethylene per year. In the afternoon, Comrade Wu Xueqian also inspected the Nanhuxiaoqu and Xiafuqiao projects for harnessing the Qinhuai River.

During his stay in Nanjing, Comrade Wu Xueqian held cordial talks with Han Peixin, secretary of the provincial CPC committee; Governor Gu Xiulian and other party, government, and military leaders, as well as old comrades Jiang Weiqing, Xiang Shouzhi, Fu Kuiqing, Sun Han, Chen Huanyou, Zhou Ze, Wu Xijun, and Zhang Yaohua.

Banqen Stresses Nationality Solidarity
HK180537 Xining Qinghai Provincial Service
in Mandarin 0430 GMT 18 Oct 87

[Excerpts] NPC Standing Committee Vice Chairman Banqen Erdini Qoigy Gyancan spoke on implementing the party's policy on nationality and religion and also on the development and construction of the nationality areas while inspecting the Hainan Tibetan Autonomous Prefecture from 12 to 15 October.

Addressing a gathering of cadres of the prefecture on the evening of 14 October, Banqen said that since the 3d Plenary Session of the 11th CPC Central Committee, our party has summed up the positive and negative experiences of the past 30 years, the whole country's work focus has been shifted to economic construction, and we have entered a new stage of history. In particular, the party policies on nationality, religion, and the united front have been revived and implemented. [passage omitted]

Vice Chairman Banqen expressed the hope that everyone will preserve nationality solidarity and the unity of the motherland as they cherish their eyes. He said: No nationality can do without another. In areas where the Tibetans predominate, it is necessary to promote solidarity between the Tibetans and the Hans, between the Tibetans and other minority nationalities, and within the Tibetans themselves. We should thus create a political situation of stability and unity, with everyone working with ease of mind to make contributions to the state's prosperity and the people's happiness. [passage omitted]

Wan Li Meets Marathon Runners in Beijing
OW170019 Beijing XINHUA Domestic Service
in Chinese 1429 GMT 16 Oct 87

[By reporter Xie Suyin]

[Excerpts] Beijing, 16 Oct (XINHUA)—The 1987 Beijing International Marathon opened in a ceremony at the Great Hall of the People this evening. [passage omitted]

Prior to the opening ceremony, Vice Premier Wan Li had a meeting with the contestants and officials from 13 countries. [passage omitted]

Leaders at Zhang Jie's Funeral Service
OW180809 Beijing XINHUA Domestic Service
in Chinese 1154 GMT 17 Oct 87

[Excerpts] Beijing, 17 Oct (XINHUA)—Mohammed Ali, or Zhang Jie, adviser to the China Islamic Association, member of the NPC Standing Committee, and member of the NPC Nationalities Committee, died of illness at the Friendship Hospital in Beijing on 15 October. He was 70. A ceremony to pay last respects to his remains was held this morning at the auditorium of the China Islamic Association.

Peng Zhen, Ulanhu, Xi Zhongxun, Tian Jiyun, Chen Pixian, Liu Lantao, Peng Chong, Wang Renzhong, Ngapoi Ngawang Jigme, Banqen Erdini Qoigy Gyancan, Seypidian Aizezi, Yang Jingren, Burhan Shahidi, Fei Xiaotong, Zhao Puchu, Wang Feng, as well as the NPC Standing Committee, NPC Nationalities Committee, National CPPCC Committee, CPC Central Committee United Front Work Department, State Nationalities Affairs Commission, and the Bureau of Religious Affairs of the State Council sent wreaths.

Xi Zhongxun, Tian Jiyun, Chen Pixian, Liu Lantao, Wang Renzhong, Ngapoi Ngawang Jigme, Yang Jingren, Burhan Shahidi, and Zhang Jie's friends, totaling more than 300 people, attended the ceremony.

Zhang Jie was born in Cangxian County, Hebei Province. [passage omitted]

An Islamic funeral service was held for Zhang Jie this afternoon. [passage omitted]

Training Dual-Purpose Personnel Advocated
OW151123 Beijing XINHUA Domestic Service
in Chinese 0812 GMT 13 Oct 87

[By reporters Wang Zhiyun and Tan Daobo]

[Text] Jinan, 13 Oct (XINHUA)—Zhou Wenyan, deputy director of the PLA General Political Department, said that training dual-purpose personnel for service to the Army and the civilian quarters is an important reform in Army building in the new period, and that a reformist and down-to-earth spirit is needed to yield results.

Addressing a meeting held in the Jinan Military Region for exchanging experience in comprehensive training for dual-purpose personnel, Zhou Wenyan said: In the past 10 years since Comrade Deng Xiaoping first advocated the training of dual-purpose personnel, we have gone through the stages of exploration, initialization, popularization, and growth, and have made tremendous achievements in this work. In the past 4 years and more, the Army has trained more than 5.5 million veteran fighters in civilian technical skills. More than 2.3 million of them have mastered one or more civilian technical skills. This is of great significance to Army building and national construction.

Zhou Wenyan said: While fully affirming our achievements, we should realize that this work is still not being carried out evenly. In doing this work, leadership at all levels should keep in mind the overall interest of the four modernizations, as well as the strategic switch in the guiding thought for Army building, and further appreciate the great importance of training dual-purpose personnel. It is imperative to proceed from realities, enable the Army and the civilian quarters to help train each other's personnel, broaden the path for comprehensive training of dual-purpose personnel, constantly explore and sum up experiences, and train talented personnel at different levels, in different categories, and with good quality. Meanwhile, in the course of training dual-purpose personnel we should pay attention to enhancing political consciousness and cultivating good moral quality. We should not give up moral training for the sake of technical training.

Circular on Students' Military Training
OW180654 Beijing XINHUA Domestic Service
in Chinese 1532 GMT 17 Oct 8

[Text] Beijing, 17 Oct (XINHUA)—The State Education Commission and the PLA General Political Department have issued a circular on improving ideological and political work in military training for students.

The circular includes five aspects: 1. Full understanding of the tremendous significance of improving ideological and political work in military training for students; 2. The basic objectives and requirements for ideological and political work in military training for students; 3. Active adoption of methods that match the students' characteristics in carrying out ideological and political work; 4. Strengthening leadership in ideological and political work in military training for students; and 5. Use of results gained in military training to promote the development of colleges, universities, and army units.

The circular says: Conducting the required military training for students and improving ideological and political work in such training is of great significance in training professional personnel who adhere to the socialist direction. Party committees and leadership of educational departments, army units in charge of training, and people's Armed Forces departments at all levels should keep in mind the overall interests of national construction, army building, and personnel training; fully understand the importance of improving ideological and political work in military training; and take up the serious and honorable political task of ensuring success in ideological and political work in military training. In conducting military training for students, it is imperative that the military and political aspects of training receive equal attention and that improvement of the students' political and ideological qualities be stressed. We hope to improve the students' ideological, moral, and military qualities through rigorous military training and powerful ideological and political work, in order to lay a solid groundwork for turning them into the qualified personnel needed for socialist construction.

Regarding the basic objective and requirements in ideological and political work in military training, the circular focuses on improving the students' military and political qualities. It requires that efforts be made in education on upholding the four cardinal principles and implementing reform and open policies; on patriotism and revolutionary heroism; on the legal system and discipline; and on Mao Zedong's military thinking and our army's glorious traditions, as well as on policies regarding current events. It also requires effort to conduct social surveys.

Taking the young students' characteristics, such as their quest for knowledge, keen awareness of democracy, wide-ranging interests and vitality, into consideration, the circular urges education departments and army units in charge of training at all levels to adopt methods of

political work that match the students' characteristics, providing enthusiastic and direct guidance, inspiring the students to seek self-improvement, offering courses in social education, encouraging students to make friends, and incorporating education in recreational activities.

The circular points out: Conducting military training for students provides many favorable conditions for the development of army units, colleges, and universities. Army units should modestly learn from colleges and universities; exploit the latter's advantages in talents, knowledge, and intellectual resources; and promote cultural study in army units and the training of dual-purpose personnel. Colleges and universities should also learn from army units' experiences in ideological and political work, as well as methods suitable to school administration, and take effective measures to readjust and improve the contents and methods of ideological education and school administration accordingly, in order to consolidate and enhance the results of military training for students, cultivate a wholesome atmosphere in schools, further improve ideological and political work for students, and augment the students' political quality.

Tian Jiyun on Tax, Finance, Price Inspection
OW160811 Beijing XINHUA Domestic Service
in Chinese 1513 GMT 13 Oct 87

[By RENMIN RIBAO reporter Jiang Xia and XINGHUA reporter Chen Naijin]

[Text] Beijing, 13 Oct (XINHUA)—Tian Jiyun, vice premier of the State Council, addressed a plenary meeting of the State Council's work group on tax, finance, and commodity price general inspection today. He said: It is necessary to set higher demands on the general inspection this year and concentrate efforts on inspecting key industries and enterprises and solving major problems.

Tian Jiyun said: Marked achievements have been made in inspection over the past 2 years, which has contributed greatly to stopping law-breakers, increasing state financial revenues, ensuring steady economic growth, and improving party style and general social conduct. Despite the problems encountered in inspections, we must confirm their overall achievements and contributions.

China's national economic situation has been good since the beginning of this year, and a stable and balanced trend has emerged in the economy as a whole. However, there are a few problems that merit our prompt attention. Some of the salient ones among them are: failure to collect revenues, causing a drain on financial resources; widespread practice of wanton price hikes, causing the masses to be resentful; and waste and extravagance among an increasing number of units in spending public funds for trips and dinners and by indiscriminately handing out bonuses in cash or in kind. These problems

have impeded the smooth progress of reform and adversely affected our economic life. In order to resolve these problems, it is necessary to take comprehensive measures, in particular, by intensifying macro-economic control and management, including persistently and effectively conducting general inspection. To this end, the State Council has set higher demands and called for more extensive and concrete inspection activities this year.

Tian Jiyun said: We must attend to the policy of carrying out reform, opening to the outside world, and invigorating the economy on the one hand, and to supervision and inspection on the other. They are two important components in building socialism, and neither is dispensable. As implementation of this policy progresses and the planned commodity economy develops, the various social institutions, enterprises, and individuals will show more concern for their material benefits. To obtain and increase one's own benefits, there are two kinds of methods, legal and illegal. To promote production, improve management and operations, tap internal potential, and raise economic efficiency by making reform is the legitimate method which we have encouraged. To obtain and increase material benefits by resorting to speculation, profiteering, or other fraudulent practices in violation of the law is illegal and must be firmly cracked down and rectified. In conducting the general inspection, we seek to protect the benefits obtained through legitimate means and to investigate and punish those derived from fraudulent practice. Law-breakers, if not stopped, may disrupt reform, undermine the economy, and do grave harm. Therefore, we must go all out to successfully carry out the general inspection.

Tian Jiyun said: The general inspection is an important functional part of supervision and inspection. From the long-range point of view, supervision and inspection should be carried out by the auditing, finance, taxation, commodity price, and industry and commerce administrative departments. However, due to the absence of specific laws and supporting measures for the reform at the present, the various economic supervisory departments, which are understaffed, have been unable to deal with people who, lacking any legal concepts, seize loopholes in violation of law and discipline. Therefore, it is imperative to mobilize all quarters in carrying out the general inspection during the specified period this year, next year, and the year after.

Tian Jiyun set four requirements for carrying out this general inspection work: 1. It is imperative to grasp the general inspection as an important task. There are a great many tasks that must be done by the various localities and departments in the coming winter-spring period; the general inspection work is not contradictory to the other tasks. Instead, they complement each other. The general inspection is an important measure for the successful completion of other tasks. We should not begrudge the

energy and efforts spent on this. 2. Great efforts must be made in inspecting key trades, enterprises, and problems. State-owned enterprises, especially large and medium backbone ones, are pillars of the national economy and a leading force in our economic development. We should see to it that inspection prompts them to strictly carry out state policies and enforce financial and economic discipline and to play a leading role in stabilizing the economy and commodity prices. State Council departments should be serious in inspecting enterprises under their jurisdiction. Local governments at all levels should concentrate efforts on the inspection of large and medium state-owned enterprises in their respective localities. At the same time, they should not relax efforts in inspecting other enterprises and units in their respective localities. 3. Serious attention should be given to the inspection of leading departments and inspection-supervising departments at all levels. This is necessary in order to strengthen the work of improving the leading organs and departments. 4. Problems discovered during inspection should be seriously dealt with. With regard to violations of law and discipline, any revenue obtained through violation of discipline should be turned over to the state, and fines should be imposed, punishments given, and judicial action taken whenever necessary. In doing so, there should absolutely be no leniency, conniving, or shielding.

In conclusion, Tian Jiyun pointed out that the general inspection work should support and promote reform and serve the purpose of reform. He said: The purpose of conducting the general inspection is to strictly enforce law and discipline and to create a favorable social environment for reform and construction. In conducting the inspection, it is necessary to wholeheartedly support and promote reform, ensure the legitimate interests of the various enterprises and units, and at the same time urge them to strictly carry out state policies, laws, and orders and enforce financial and economic discipline. Violations of law and discipline must be seriously investigated and dealt with, and firmly corrected. Protecting the legitimate interests of enterprises and investigating and dealing with their violations of law and discipline, are both actions in support of reform. Both are aimed at accelerating and ensuring the sound and smooth development of reform.

The General Inspection Work Group of the State Council is composed of 189 members, including 24 cadres of ministerial level and 50 cadres of departmental or bureau level.

Spokesman Says Foreign Trade Deficit Drops
*OW190930 Beijing XINHUA in English 0814 GMT
19 Oct 87*

[Text] Beijing, October 19 (XINHUA)—China's foreign trade deficit dropped to 2.7 billion U.S. dollars in the first nine months of 1987 from 8.96 billion U.S. dollars in the same period last year, Zhang Zhongji, spokesman for the State Statistics Bureau, announced here today at a press conference.

He said China's export volume in the nine months was up 23.9 percent to 26.5 billion U.S. dollars while import volume was down 3.8 percent to 29.2 billion U.S. dollars.

If imports that do not have to be paid in foreign exchange are excluded, he said, China's balance of trade is favorable with even a small surplus of 270 million U.S. dollars.

Zhang said the improved trade balance was due to several factors: the appreciation of the Japanese yen and other foreign currencies, rising oil prices, and China's policies encouraging exports.

He said trade with the Soviet Union, European Economic Community and countries of Eastern Europe was markedly up but trade with Japan was down. He did not elaborate.

Comments on Economic Development
*OW190932 Beijing XINHUA in English 0913 GMT
19 Oct 87*

[Text] Beijing, October 19 (XINHUA)—China is expected to harvest 397 million tons of grain this year, five million tons more than last year and representing a record high only second to the harvest of 1984.

This was announced by Zhang Zhongji, spokesman for the State Statistics Bureau, here today at a press conference.

"The output of cotton is also expected to increase 10 percent over 1986 to 390 million tons, and that of oil-bearing crops to a total of 16.5 million tons, 1.7 million more than last year," he said.

Increased investment was the major factor behind the farm production growth, Zhang said, adding that bank loans for the sector in January-September this year increased 47 percent over the same period last year to 502 million yuan, and the volume of means of production bought by farmers rose 23 percent to 547 million yuan.

"A rise can also be seen in industry as both the profits the state-owned enterprises obtained and the taxes they handed in to the state in the first nine months this year rose 9.8 percent. The total output value this year is expected to increase more than 13 percent over last year," he said.

During the first three quarters of this year, China added electricity generating capacity of over 2.98 million kw, coal mining capacity of 9.91 million tons and oil pumping capacity of 8.38 million tons, and the increase rate of investment in fixed assets was lower than the 18.7 percent last year, Zhang noted.

"The sound development of agriculture and industry leads to brisk markets," he went on, citing that the total social commodity retail volume in the first nine months of this year reached 417.4 billion yuan, a 17.6 percent rise over the same period last year.

But he pointed out that the general index of retail prices went up seven percent in the period, which "adversely affected the people's living standards, especially those in the cities". Also, the availability of some non-staple foodstuffs, pork and sugar in particular, is still short of the demand, he told reporters.

The fourth quarter is the most critical period, Zhang said, for the experiences in past years proved that during this period, production could reach a peak for the year while investment in fixed assets and consumption funds could also soar.

"In the next three months," he said, "all enterprises should pay greater attention to improving their economic results and production efficiency. Also, efforts should be made to improve market supply and control retail prices."

Official on Restructuring Foreign Trade
OW170525 Beijing XINHUA Domestic Service
in Chinese 1426 GMT 14 Oct 87

[Excerpts] Beijing, 14 Oct (XINHUA)—Li Lanqing, vice minister of foreign economic relations and trade, recently answered reporters' questions on restructuring China's foreign economic relations and trade system.

Question: What are the major problems in the nation's foreign economic relations and trade system?

Answer: The major problems are: the fiscal system of centralizing the management of revenue and expenditure has not been thoroughly restructured; government departments and enterprises have yet to differentiate their responsibilities, although they have been organizationally separated from one another; foreign trade companies have yet to be genuinely managed like enterprises; there are still no effective measures for promoting foreign trade or exercising overall control over it, and the foreign trade sector still lacks self-discipline; macroscopic control is still primarily one of direct control, and the economic regulatory system is still ineffective; and foreign trade has not been genuinely coordinated with operation in the industrial, agricultural, and technological sectors.

Question: What are the objectives in restructuring the foreign trade system?

Answer: The objectives are to institute measures, charging foreign trade enterprises with being responsible for their profits or losses, liberalizing operation, improving management, and rallying the efforts of various sectors to handle foreign trade cooperatively, to further promote

foreign trade. To achieve this goal, we shall thoroughly change the fiscal system of centralizing the management of revenues and expenditures, and charge foreign trade enterprises to be held responsible for their profits or losses. On this basis, we shall liberalize the trading of most commodities to fully arouse the export enthusiasm in all quarters. [passage omitted]

Question: What policies and measures will be adopted in restructuring the foreign trade system next year?

Answer: The major policies and measures to be adopted next year include the following:

1. There will be further refunding of taxes collected from export commodities. [passage omitted]

2. Certain enterprises trading light industrial goods, handicrafts, and garments with foreign countries will be selected to test the system of holding themselves responsible for profits or losses; and efforts will be made to improve contractual operation in all other trades. Foreign trade companies having the resources will be encouraged to operate like enterprises.

3. To encourage export of highly processed goods, measures governing the retention of foreign exchange will be improved next year. Systematically, the percentage of retainable foreign exchange will be assessed on the basis of the extent to which major types of export goods are processed. The amount of retainable foreign exchange will be higher for highly processed industrial than for primary goods.

4. To actively promote cooperative operation between the industrial and trading sectors, the system governing export operation will be further reformed. [passage omitted]

5. Import systems will continue to be improved and import agency services will continue to be promoted to encourage goods-ordering departments or consumers to improve their accounting system and spend foreign exchange more efficiently.

6. Measures will be taken to further improve the contract system and invigorate foreign trade enterprises.

7. Efforts will be made to further improve administrative control over foreign trade, making sure that all administrative departments work in coordination, while handling foreign trade. [passage omitted]

Editorial Reports Employment System Changes
HK170208 Beijing CHINA DAILY in English 17 Oct 87
p 4

[Editorial: "Contract Workers Play Bigger Role"]

[Text] Like other parts of its economic structure, China's employment system has undergone great changes over the past few years. The newspaper *China Labour and*

Personnel Journal reported that "contract workers" have been employed instead of permanent workers and in some places open employment has become common.

Detailed reports of these changes and discussion of their significance follow:

Since the founding of the People's Republic, State-run enterprises have mainly adopted the practice of using permanent employees. That means that once employed, a worker can work for an enterprise for ever, unless he or she is dismissed in exceptional circumstances.

At the moment, State-owned enterprises have some 93 million employees and 80 per cent of them, or 74 million people, are permanent workers.

Historically speaking, the permanent-employment system has played a significant role in fighting unemployment and stabilizing society.

Yet the shortcomings of this system have become increasingly conspicuous at present. It does not allow the labour forces to flow according to the needs of production.

Nor can it enable enterprises and workers to choose each other.

In recent years, as part of the efforts to reform the employment system, the practice of employing "contract workers" has been adopted on a trial basis.

Contract workers are different from permanent workers in that, among other things, they can be discharged or leave their work upon expiration of their contracts.

In 1985, the number of contract workers employed by State-owned enterprises reached 3.32 million.

In October last year, the State Council announced that the contract scheme would apply to workers throughout the country. This has marked an important step forward in reforming China's employment system.

By the end of last June, the number of contract workers had risen to 5.71 million.

Meanwhile, the way of employing workers has also changed to support the contract system. For a long time, when workers retired, their children were able to succeed them.

And factories sometimes employed new workers who were relatives of existing employees. Last year, the practice was abolished by the State Council.

As a replacement, open employment has been practiced in some places. At the end of last year in Wuxi, Jiangsu Province, for instance, several hundred enterprises and non-business work units set up stalls in a stadium in the city to recruit the people they wanted.

Some 5,000 high school graduates and other youths went to the stadium to seek employment.

In areas that introduced the contract system earlier, some workers' contracts have now expired. In Shenzhen Special Economic Zone alone, for instance, more than 1,000 workers have left their jobs upon expiration of the contracts. Most will find new jobs.

A survey of Shanghai and 12 other cities found that on average there were always five per cent of contract workers looking for new jobs.

To support this new system, however, supplementary policies and measures are needed to safeguard the status of contract workers as the masters of the country and to protect their legal rights.

As contract workers, like permanent workers, are part of the working class, measures are now being taken to see that they enjoy the same political treatment as the latter in areas such as joining the Communist Party, getting promoted and receiving training.

In Ezhou, Hubei Province, 2,800 of the 4,679 contract workers, have studied, or are studying, in various adult schools.

Regarding economic treatment and social welfare, a start has been made, among other things, on implementing the State Council's regulations about issuing subsidies to contract workers.

Meanwhile, the unemployment insurance system and contract workers' pension insurance system have begun to take shape.

In other aspects, the State Council regulations about how to handle labour disputes at State-run enterprises have been adopted recently. Some 1,400 agencies have been established to handle labour disputes.

Along with the efforts to develop the contract worker system, attention has also been paid to invigorating the permanent-worker system. Efforts to do so have already begun on a trial basis in some places. They are aimed at giving permanent workers a better attitude towards their work and enforcing labour discipline;

The impact of the reform over the past few years of the employment system is not just limited to the economic sphere.

A survey conducted by the Ministry of Commerce show that almost 69 per cent of those surveyed held that the contract worker system encourages people to enhance their educational and technological level by having them compete to choose the jobs they like.

It is however to be realized that the task to further reform the employment system is arduous. Some workers and enterprise leaders are still influenced by old ideas.

Their attitude towards the reform is not firm. It is important to give publicity to the need to reform the employment system.

New Trust, Investment Corporation Established
*OW161428 Beijing XINHUA in English 1401 GMT
16 Oct 87*

[Text] Beijing, October 16 (XINHUA)—The Ministry of Foreign Economic Relations and Trade has just set up a new trust and investment corporation aimed at promoting China's foreign trade, *Xinhua* was told here today.

The leadership of the Corporation in Business will be exercised by the People's Bank of China (China's central bank), which will also play the role of manager and inspector.

Zhao Zhijian, general manager of the corporation, said that its registered capital is 150 million yuan and 15 million U.S. dollars.

The corporation's scope of business will include overseas foreign currency lending, foreign currency trust deposits, investment and loans in foreign exchange, international capital leasing and foreign exchange guarantees.

With the authorization of the Ministry of Foreign Economic Relations and Trade, it will also deal with loans originally provided by foreign governments to China and trust investment in foreign exchange earning enterprises in China.

Commentator Views Rural Reform Problems
*HK180315 Beijing RENMIN RIBAO in Chinese
16 Oct 87 p 2*

[Commentator's Article: "Show No Fear of New Problems in Reforms"]

[Text] A complex new situation has emerged in the stage of deepening the rural reforms, which have scored great and historical achievements during their 9-year course. On the one hand, the reforms continue to forge ahead with great vigor, the new systems are maturing with each passing day, and there is a continual stream of new things; on the other, many strange new problems, not easy to resolve, have emerged, and some of them seem to be extremely thorny. New problems, one after another, appear like "tigers barring the road." Certain comrades

are a bit afraid of these difficulties: "Why is it that the deeper the reforms go, the more problems appear?" Certain comrades are a bit afraid: "Can we overcome all these problems?" As a result certain people have doubts about the reforms that are already in effect, and even think about turning back to the old road.

How should we view correctly the new problems that have arisen in the rural reforms?

It should be acknowledged that we are indeed facing a great number of new problems in the rural reforms. Some of these are caused by friction between the new and old systems; some are caused by the fact that the new systems, like a young child, are still growing and are thus inevitably not strong enough and also have many imperfections; and some are caused by the fact that our leadership and work do not suit the new situation. These problems are different in nature from the problems that existed under the old system of overcentralization with "everyone eating from the same big pot," and should not be confused with them.

The current core task in rural reform is to reform the traditional system of state monopoly in the purchase and marketing of agricultural produce and to develop planned commodity economy on the basis of regulation by market mechanism. People predicted that the reforms would rapidly bring about a situation of "enlivenment the moment restrictions are lifted." The facts are that enlivenment has taken place in some places but not in others; some places lift restrictions one day and then reimpose them the next; and it has even happened that new "departmental monopolies" and "regional blockades" have emerged, which have resulted in "wars over wool, grain, and tea"; a few "chemical fertilizer despots" and "diesel fuel tyrants" who engage in speculation to reap vast profits have appeared, and there is some confusion in economic order in certain respects. The peasants have savored both the sweetness and the bitterness of the market. The highly variable market risks have caused certain people to shrink from plunging into the "ocean" of commodity economy.

The fact that reform sometimes advances and sometimes retreats, and sometimes disappears and sometimes grows is certainly not an abnormal phenomenon. However we should certainly not conclude from this that "lifting restrictions is not as good as keeping everything under monopoly," and proceed to go back to the old road of state monopoly in purchasing and marketing agricultural produce. Although the old "monopoly" method played a positive function in the early post-liberation period, today it has become a rope binding the peasants, and the only way out is to discard it. And although the new system—planned commodity economy—has encountered many problems in its first steps, it has already jumped out of the framework of "the old method" and demonstrated new vitality. This has been attested to by practice in areas where the commodity

economy is developed. There is a process to be undergone in replacing the old system with the new. Making a breakthrough in the system of state monopoly purchase and marketing does not mean that this system immediately ceases to play a function, and introducing the market mechanism does not mean that it rapidly develops and matures. In their deepening stage, the rural reforms have demonstrated many new characteristics different from those in their initial stage. If we understand these characteristics, we will not feel that the new problems that emerge are difficult to deal with. In fact it is inevitable that new problems emerge as the reforms deepen. In a certain sense, the continual stream of new problems are precisely the "window" through which we observe things. Grasping these problems and deepening understanding of them will assist the deepening of the rural reforms.

We have two choices in facing the new problems in reforms. First, we can persevere in reforms and unswervingly carry on with them no matter what complex situations arise; or, second, we can become filled with worries and hesitate when we encounter certain problems and difficulties, and "beat a retreat." The first choice is the choice for struggle, for the orientation of history, for the hearts of the people, and for success; and the second choice is one for retreat, which will not give us a way out. The reforms cannot be put into reverse. Progress can only be achieved through reform. Of all the problems around, failure to carry out reform is the greatest. There is no doubt whatsoever that we can only make the first choice and not the second.

Of course, not showing fear of various problems that crop up in reform certainly does not mean that these problems can be taken lightly. On the contrary, arduous efforts and thoroughly sound work are required to understand and resolve these new problems; however, this effort must first be based on boldness and confidence in persevering in reform.

Minority Areas Turn To Law To Solve Problems
OW161130 Beijing XINHUA in English 1057 GMT
16 Oct 87

[Text] Beijing, October 16 (XINHUA)—China's minority nationalities are resorting more to legal methods to solve civil and economic disputes, today's "People's Daily" reported.

The number of civil cases in the five autonomous regions of Inner Mongolia, Xinjiang, Tibet, Guangxi and Ningxia in 1986 was up 200 percent over 1979 and the number of economic dispute cases was up 750 percent.

More minority nationalities are joining the judiciary, too, the paper noted.

In the Xinjiang Uygur Autonomous Region half of the judiciary positions and 69.5 percent of the presidency of the people's courts at various levels are held by people of minority nationalities. In Tibet, all the presidents of the people's courts at various levels are Tibetans.

China has set up 140 higher, intermediate and basic people's courts in the regions, the paper said.

In recent years the judiciary in the regions has worked closely with the public security and procuratorate to stamp out criminal activities.

Since 1983 the number of criminal cases in Guangxi Zhuang Autonomous Region has dropped 78.6 percent and in Ningxia Hui Autonomous Region, 84 percent.

Crime is negligible in 80 percent of the counties in the Tibet Autonomous Region and in 20 percent of the counties there have been no criminal cases at all last year or this.

Since 1984, the autonomous areas have cracked down on the serious economic crimes, resulting in Guangxi Zhuang Autonomous Region alone savings of 15.24 million yuan that would have been lost if such crimes had gone undetected.

The Supreme People's Court is encouraging the efforts to train more legal workers who belong to minority nationalities; 3,737 are involved in sparetime university studies.

Supply, Demand for College Graduates Closer
HK170120 Beijing CHINA DAILY in English 17 Oct 87
p 3

["College Graduate Shortage Eased"—by staff reporter Cheng Hong]

[Text] The nation's demand for college graduates has decreased this year, but the number of students is still far from enough, particularly in some key sectors, *China Daily* learned from the State Education Commission yesterday.

According to a nationwide survey, 700,000 to 800,000 college graduates have been needed in China on the average each year since higher education went back to normal 10 years ago. However, this year the number required has dropped to only 470,000, while the expected number of college graduates is 370,000—almost the same as last year.

Hu Shoulu, an official of the commission's Student Affairs Department, said there are many reasons for the decreasing demand for graduates this year.

Since the State resumed the college entrance exam system in 1977, more than 2.8 million students have graduated from 1,060 colleges across China.

"After years of expanding education programmes, the gap between the supply and demand for college graduates is no longer so sharp as before," Hu said.

As part of its education reform, the State this year gave an order to government institutions and enterprises not to take staff directly from among college graduates. The graduates should have at least one year of work experience first.

Moreover, an overall streamlining of government offices has resulted in higher efficiency and trimmer staff for many State agencies, while industrial reform has also prompted enterprises to boost their productivity and reduce over-staffing. "All these have inevitably contributed to the easing of the past demand for more and more graduates," Hu said.

"The restructuring of offices and enterprises has shown many of them have more people than they can use, but there is also an increasing need for more trained professionals in some key sectors vital to the country's economic development," Hu said.

Students who major in English, architecture and computer studies have many more choices of jobs than those who study geography, physics, electronics, astronomy, oceanology or atomic energy.

The number of graduates needed who studied foreign languages (especially English), accounting and computer [science] is five to 10 times as great as the number of graduates. Post-graduates in computer studies, architecture, medical science and economics provide only 5 per cent of the number needed.

While there are enough graduates in government offices, big cities like Beijing, Shanghai and Xi'an have many more college graduates than those in Gansu, Qinghai and Xinjiang.

"The uneven geographical distribution of students is another problem," Hu said. "Now we have to persuade more and more college graduates to work in remote provinces and regions."

Newsmen To Have Own Journal Next Year
OW170722 Beijing XINHUA in English 0215 GMT
17 Oct 87

[Text] Beijing, October 17 (XINHUA)—Newsmen in China are getting their own journal.

The journal "*Media and Publications*" will roll off the press next year, a spokesman from the Media and Publications Office under the State Council said here today.

It will be a production of the office, which oversees China's media industry, and will aim for the one million employees in the industry, the spokesman said.

"The journal will lay emphasis on publicizing China's policies and principles on the media industry and covering stories about the media and publications," he said.

It will contain columns such as "Opinions on Media and Publications," "Review of Newspapers and Publications," "Profile," "Introduction of Newspapers and Publications," "Publications and Circulations," as well as "Letters to the Editor," the spokesman said.

The four-page journal will be published every Wednesday and Saturday.

East Region

Jiangsu CPPCC To Welcome Taiwan Visitors

OW180925 Nanjing Jiangsu Provincial Service
in Mandarin 2300 GMT 17 Oct 87

[Text] The provincial CPPCC Committee's Working Committee for Motherland Reunification held a forum on the morning of 17 October. Participants had animated discussions on the State Council General Office's circular on the regulation on reception of Taiwan compatriots sightseeing or visiting relatives in the mainland.

The participants said: The seven-point regulation embodies the strategic concept of one country with two systems and will facilitate peaceful reunification of the motherland. They also suggested that relevant provincial departments work out detailed rules for implementing the State Council General Office's circular as soon as possible to ensure a warm welcome and smooth passage for the first group of Taiwan compatriots to come to visit relatives in Jiangsu, thereby promoting exchanges between the people on the two sides of the Taiwan Strait.

The forum was officiated by Hang Hongzhi, chairman of the working committee for the motherland's reunification, and attended by Luo Yunlai and Cheng Bingwen, vice chairmen of the provincial CPPCC committee, and members of the working committee in Nanjing.

Jiangxi Economic Planning Conference Ends

OW170931 Nanchang Jiangxi Provincial Service
in Mandarin 1100 GMT 14 Oct 87

[Excerpts] A provincial conference on planning and economic structural reform ended in Nanchang this afternoon after 5 days in session. The conference transmitted the guidelines of the national conference on planning and economic structural reform, and studied and mapped out the principles and tasks for Jiangxi's economic work next year. [passage omitted]

Liu Fangren, deputy secretary of the provincial party committee, spoke at the closing of the conference. He said: The conference has been a successful and fruitful one. From now on all participants must focus their attention on the central authorities' guidelines and the arrangements made by the provincial party committee and the provincial government, and must take concerted action to carry out next year's tasks.

Liu Fangren urged party committees and governments at all levels to attach great importance to stabilizing commodity prices, an issue having an important bearing on the steady growth of the provincial economy and the smooth progress of the reform. [passage omitted]

On the task of building up stamina for Jiangxi's economic development, Liu Fangren said: All prefectures and cities, instead of awaiting the provincial government's appropriation, should rely on themselves to develop their economies in light of local situations. It is necessary to promote a diversified economy, especially rural enterprises.

He continued: To correctly summarize the experience in reform over the past 9 years is of great guiding significance and immediate importance for further carrying out the reform and ensuring fulfillment of Jiangxi's economic and social development plan for next year. It is necessary to intensify the publicity on reform and conduct effective education targeted at various departments and quarters. [passage omitted]

He said: The upcoming 13th national party congress will be an important event attracting the attention of all party members and Chinese people at home and people abroad. All localities should make ample preparations for studying and implementing the guidelines of the 13th national party congress and continue the education on the two basic points of the line pursued by the party since the 3d Plenary Session of its 11th Central Committee. They should promptly organize and arrange the study and publicity of the congress documents and should be ideologically prepared for the political structural reform. The political reform covers a wide range of areas, including separation of party from government functions, delegation of power to lower levels, simplification of administrative organizations, improvement of work efficiency, and reform of the cadre system. All localities and departments should do meticulous ideological work to prepare people for the political reform. The large number of cadres must stir themselves, improve work style, and raise work efficiency. Some comrades have assumed a passive attitude in failing to take a firm grip of the work. They would rather perform the work after the 13th national party congress and the political reform. In view of the arduous and pressing tasks we are confronted with, we must redouble our efforts carry out the work in order to greet the 13th congress. All localities must make overall arrangements for the complex tasks and promote the reform and economic work in all fields in the order of priority.

Among those present at the closing session were provincial party and government leaders Jiang zhuping, Lu xiuzhen, Zhu Zhiong, Qian Jiaming, and Sun Xun Xiyue, as well as veteran comrade Fu Yutian.

Jiangxi Governor on 1988 Economic Tasks

OW161431 Nanchang Jiangxi Provincial Service
in Mandarin 1100 GMT 12 Oct 87

[Excerpts] Wu Guangzheng, deputy secretary of the provincial party committee and governor, addressed a provincial conference on planning and economic structural reform this afternoon. He said: Reform must be the

top priority of next year's economic work. It is necessary to vigorously carry out reform in order to resolve problems, develop the economy, and improve the people's livelihood.

He said: We must stabilize the economy, prices, and the people's livelihood and cut down financial expenditures, issuance of loans, and scale of capital construction. These are the central authorities' general guidelines for economic work next year. To effectively implement these guidelines, it is imperative to carry out reform which, if successful, can harness the enthusiasm of all quarters, straighten out the relationship between the various economic sectors, and promote production and construction in Jiangxi. In order to accelerate the pace of reform, it is necessary to do away with ossified thinking, increase the awareness of reform, and encourage an innovative spirit at all levels. [passage omitted]

Wu Guangzheng stressed: Proceeding from the reality in Jiangxi, we should focus economic work next year and for some time to come on developing the commodity economy in rural areas. To this end, it is necessary to continue to pay close attention to grain production and fully utilize its advantages, and to enliven commodity circulation in order to overcome our shortcomings. In developing the commodity economy in rural Jiangxi, there are two short-term goals: We must strive to achieve a 500 kilogram per capita grain output and a 600 yuan per capita net income for peasants within the next 5 years. [passage omitted]

Shanghai Paper Urges Deepening of Reform
OW190103 Shanghai WEN HUI BAO in Chinese
14 Oct 87 p 1

[Commentator's article: "Deepen Reform and Strengthen Understanding"]

[Text] Reform over the past 9 years has proven its worth by its success. China's reform has spread from the countryside to the cities, from production to circulation and production, from invigorating the enterprises in a small way to large-scale management improvement, and from ownership and management systems to functions and organizations of government management agencies, with varying degrees of success; and has brought about tremendous changes in China's entire economic system. The results are greatly developed productive forces, steady growth in the national economy, and marked improvement in the people's livelihood. In the great school of reform, people have learned many new things, embraced new ideas, realized new hopes, profoundly realized that, without reform there is no hope, and strengthened their faith in reform.

However, reform is a long, arduous, and complex process, and cannot be accomplished overnight; and the people's understanding of reform cannot come all at once. Further development of reform is bound to have a tremendous ideological impact on the people. The

impact can not only help consolidate those new ideological concepts already affirmed at the beginning of the reform, but will also continue to wash out those old ideological concepts formed over long periods, thereby causing new doubts and uncertainties deep within the people's minds. Prompt elimination of these misgivings and apprehensions is a prerequisite for ensuring that reform achieve still greater success on an even more extensive scale. Therefore, while deepening reform, it is necessary to constantly strengthen the people's ideological understanding. Only when the people's understanding has thus been enhanced, can they make conscious efforts at promoting reform and accelerate its pace.

Reform is the only way to revitalize China. We often say that reform accords with the will of the people and the general trend of events, and is irreversible. In a certain sense, this reflects our understanding of the need and urgency of reform. To deepen reform, we must enhance our understanding of its nature, goals, significance, and requirements; realize that Chinese society is in an elementary stage of socialism; and have a correct understanding of the strategy for economic development, as well as the goals and tasks of both economic and political structural reform. All this will enable us to keep a clear head and willingly plunge ourselves into the mighty torrent of reform.

Reform is a process whereby the old system is replaced by a new. In this process, two forces play different roles. On the one hand, the new system brings fresh vitality to the economy and society, yet the system itself is not flawless. On the other hand, the old system, though under heavy fire, still restricts, and even obstructs, economic and social development in many aspects. In areas where the new system has failed to replace the old, vacuum and loopholes appear, giving rise to bribery, speculation, profiteering, cheating, and other such ugly negative phenomena. Reform is an unprecedented pioneering undertaking. Moreover, it is being undertaken under adverse economic conditions. Therefore, deviations, and mistakes have inevitably appeared in our work. The current problems on commodity prices, wages, and unhealthy tendencies which the masses have grumbled about are examples in this regard. The question of how to correctly understand the various kinds of intricate and complex social phenomena is, in essence, a question of what attitude to take about the advantages and disadvantages of reform. Viewing the question as a whole, reform has enhanced the economic vitality and promoted the development of social productive forces. Hence, its advantages outweigh its disadvantages. One should not view those temporary phenomena, which cannot be entirely avoided on the road of progress, as static. Nor should one back away from reform for fear of slight risks, or have doubts about it. Problems can only be solved by deepening reform. Reform brings about a major readjustment in relations between people's economic interests. From an overall and long-term point of view, reform will definitely bring benefits and happiness to receive equal benefits. Some people benefit earlier,

others later. Some benefit more, others less. Sometimes, people's interests are temporarily affected. We must analyze such unfair phenomena in an overall manner. At a time when a new system is replacing an old, it would be impossible for each specific reform measure to benefit every group in society. It is usual for some people to benefit or suffer loss during each reform step. It should be understood that reform, in general, has brought tremendous benefits to the people, laid a solid foundation for bringing even greater benefits to the people, and shown us a bright future. As for the contradictions which currently exist when people benefit more and more from reform, undoubtedly we can only gradually solve them through reform, by establishing a new and reasonable structure for the distribution of benefits.

To deepen our understanding of reform, we must, first of all, strengthen ideological education, and guide people to continuously understand new situations and analyze new problems, while encouraging them to hold negotiations and carry on dialogue with leading comrades. We must help people fully realize the difficulties, risks and the ups and downs with which we shall be faced as we deepen reform; and learn how to recognize, in an overall manner and with a scientific approach, the various types of contradictions emerging in the course of carrying out reform. At the same time, we must guide people to actively participate in reform and heighten their awareness in carrying it out. We must help people change their ideas, lifestyle and habits consciously improve their capabilities in enduring the changes reform causes. Today, after 9 years of reform, we have greatly deepened our understanding. Following the continual deepening of reform, we should even more consciously and profoundly understand it; and even more actively and enthusiastically carry out and promote it, making even greater contributions to the great cause of modernization.

Shanghai Commander on Militia Reform
OW170609 Shanghai City Service in Mandarin
2300 GMT 14 Oct 87

[Excerpts] Since Shanghai Municipality's People's Armed Forces were transferred to the jurisdiction of local government, progress has been made in maintaining the forces' normal work, livelihood, and combat readiness, and in finding a new method of running people's militia, while concentrating on economic development. Since the beginning of last year, a large number of militia units have been named civilized units, and more than 3,000 technical renovation achievements have been made by various militia units. In addition, more than 30,000 militiamen have become advanced producers. [passage omitted]

The municipal government and the garrison district jointly held an on-the-spot meeting in Jiading County on 13 and 14 October to promote the regularization of People's Armed Forces departments. Addressing the meeting, Commander Ba Zhongtan called on People's Armed Forces departments throughout the municipality

to deeply understand the central authorities' policy on accelerating the pace of reform, to consolidate and develop their reform achievements, and to speed up their regularization.

Vice Mayor Ye Gongqi also addressed the meeting. He stressed: [passage omitted] In carrying out militia work, we should adhere to the principal of upholding production, urban defense, and wartime mobilization. We should try to improve the militia's organization training, and reform on the basis of this principle. Moreover, we should strive to stabilize and strengthen the building of the people's armed forces in factories, mines, towns, and townships. Specialized cadres should be provided for these armed forces, to ensure the fulfillment of militia reserve work at the grassroots' level.

Zhejiang Issues Farm Prices Circular
OW170231 Hangzhou Zhejiang Provincial Service
in Mandarin 1000 GMT 14 Oct 87

[Text] The provincial commodity price bureau, the provincial federation of supply and marketing cooperatives, the provincial petrochemical department, and the provincial industry and commerce administrative bureau recently issued a joint circular on strengthening control over marketing and pricing of agricultural production means.

According to the circular, chemical fertilizers, pesticides, farm vinyl sheets, and other important aids to agricultural production should be handled exclusively by the supply and marketing cooperatives, agricultural production means companies, and enterprises manufacturing such production means, and should not be handled by other units unless they have the permission of the industry and commerce administrative organs. No individuals should be allowed to handle such production means.

The circular says: Departments handling agricultural production means should strictly enforce the state price regulations. Chemical fertilizers, pesticides, and farm vinyl sheets should not be supplied, through backdoor dealings, to individual traders nor to units not authorized to handle such production means. Means of agricultural production, which should be sold at fixed state prices, should not be sold at higher prices outside the state plan. It is necessary to strive to stabilize the prices of agricultural production means not covered by the plan, and to control their factory prices. Fake and substandard chemical fertilizers and pesticides should be strictly banned from the market.

Ningbo City Attracting More Joint Ventures
OW180928 Beijing XINHUA in English 0803 GMT
18 Oct 87

[Text] Hangzhou, October 18 (XINHUA)—Ningbo, one of China's 14 open coastal cities, had 23 joint ventures and nine Sino-foreign cooperative enterprises by the end of September this year.

Foreign firms have invested 63 million U.S. dollars in enterprises in the city, most of which are export-oriented and advanced in technology, according to local authorities.

Another 20 projects are under negotiation with foreign investors, *Xinhua* learned today.

Since last August, Ningbo has been authorized to approve independently joint ventures and Sino-foreign cooperative enterprises with investments of five million U.S. dollars or less.

Central-South Region

Work Proceeding To Make Hainan Province

Economic Development

OW160218 Beijing XINHUA in English 0205 GMT
16 Oct 87

[Text] Haikou, October 16 (XINHUA)—The Chinese Government has decided to list Hainan's main targets of state plan independently as other provinces starting from next year, so as to mobilize its economic development and help make it a new province

All enterprises affiliated to the central government or Guangdong Province will be transferred to Hainan, except enterprises with poor economic efficiency, said an official of the preparatory group for establishing the new Hainan Province.

Up to now, 18 provinces and cities, 15 central government departments and 9 universities have established economic cooperation relations with Hainan. They have invested 650 million yuan and 70 million U.S. dollars there to build 340 enterprises.

Since Hainan was open to the outside world in 1983, the Chinese Government has invested more than 1.5 billion yuan in transportation, energy industry, communication and other projects in Hainan.

According to statistics of the Hainan Personnel Exchange Center, more than one thousand letters have been received in the last two months, mostly written by technicians applying to work in Hainan.

Light Industry

OW180934 Beijing XINHUA in English 0805 GMT
18 Oct 87

[Text] Haikou, October 18 (XINHUA)—Haikou, government seat of Hainan Island in south China, will be built into a light industrial center, an official of the preparatory committee for upgrading the island into a new province said here today.

According to the general development plan of the city, Haikou will give priority to the development of light industry, industries with advanced technology, as well as its traditional tropical crop processing industry.

Special efforts will also be made to the development of tourism. According to the plan, the city will build two holiday villages, one beach park and one botanical garden with tropical plants, in addition to renovating its existing scenic spots and beach.

Foreign Investment

OW161340 Beijing XINHUA in English 1328 GMT
16 Oct 87

[Excerpt] Haikou, October 16 (XINHUA)—The Hainan Island, which will become a new province and China's largest special economic zone, is now attracting the attention of foreign firms, a senior local official said here today.

Scores of foreign business and banking delegations have come since the release last month of the news that the island, as a new province, will practise policies more flexible than those in the four special economic zones, he said.

"This wave of investment interest is unprecedented," he added. "We have worked out a set of regulations on the island's economic development and will submit it to the state council for review." [passage omitted]

Southwest Region

Xizang 'Troublemakers' Surrender to Police

HK190227 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 0220 GMT 16 Oct 87

[Report by Zhao Shengyu (6392 0524 3768): "Some Troublemakers in Xizang Have Surrendered Themselves to Public Security Organs"]

[Text] Lhasa, 16 Oct (ZHONGGUO XINWEN SHE)—Dangzin, deputy secretary of the Xizang Regional CPC Committee, said: Some troublemakers in Xizang have surrendered themselves to the public security departments.

This 40-year-old deputy secretary, of Tibetan nationality, said: The current political and economic situation in Xizang is the best since 1959. Therefore, the small number of troublemakers cannot win popular support. According to Secretary Dangzin's briefing: Quite a number of lamas involved in the disturbance have repented and surrendered themselves to public security departments in order to receive lenient treatment from the government.

The situation in Lhasa has calmed down. Hawkers who come here from the interior to do business have again set up their stalls in the streets. Shops whose windows were

broken in the riot have started to do business again. Secretary Dangzin said: Various departments in the autonomous region have resumed their daily routine.

Secretary Dangzin said: Although a large-scale riot cannot happen in Lhasa again, we must look out for extremists who will engage in various types of sabotage activity.

Radio Says Independence Call 'Unpopular'

*HK180139 Lhasa Xizang Regional Service in Mandarin
1130 GMT 17 Oct 87*

[Station Commentator's Article: "There Certainly Will Be No Good Consequences of Pursuing Independence for Xizang"]

[Text] Over half a month has now passed since a handful of splittist elements, directly incited and engineered by the Dalai clique, shouted the reactionary slogan of independence for Xizang on 27 September. What have people seen during this short period? To sum up, it is not popular to sabotage the motherland's unity, nationality solidarity, and the political situation of stability and unity, and there will certainly be no good consequences of attempting in vain to pursue independence for Xizang.

We say that the handful of splittist elements are not popular and that there will certainly be no good consequences of vainly attempting to pursue independence for Xizang because the Dalai clique and their followers are actually running counter to the fundamental interests of the people of all nationalities of the whole country, including the people of Xizang, by acting in this fashion. The people of all nationalities in China understand from the experiences of history that they can only dwell in peace and security if there is unity of the motherland and the great solidarity of people of all nationalities. Only thus can they have the strength to resist foreign bullying and ensure that the Chinese nation can take its place among the nations of the world. It is both absurd and tragic that the Dalai clique should run counter to the people's aspirations.

We say that a handful of splittists are unpopular and that there will certainly be no good consequences of vainly attempting to pursue independence for Xizang because the Dalai clique and their followers are going against the tide of history. The China of today is far removed from the age when imperial dukes and princes held sway and warlords carved up the land; nor can any person lightly act like an absolute ruler. The age when China allowed itself to be ordered about by the great powers is over and will never return. The emperors who treated the masses like slaves have long passed away. The slogan of invigorating China has become the most powerful sound across our land. All the descendants of the Yellow Emperor look forward to achieving the reunification of the motherland, including Taiwan, and this has become the tide of the times. Anyone who goes against this tide of the times can only be smashed to pieces by the wheel of

history. In going against the tide of history, the Dalai clique can only bring disgrace and ruin on themselves and be humiliated by history.

We say that a handful of splittist elements are unpopular and that there will certainly be no good consequences of attempting in vain to pursue independence for Xizang because the Dalai clique and their followers have miscalculated the international situation. When a few members of the U.S. Congress provided a forum for him, the Dalai could not wait to lose his head on impulse. In fact, these people represent neither the U.S. Government nor the American people. The U.S. Government has repeatedly stated that Xizang is a part of Chinese territory, and has declared that it does not support the Dalai Lama's five-point program. Even the country where the Dalai Lama is living has openly stated that Xizang is Chinese territory.

Comrade Deng Xiaoping has put it well: Some people want to split Xizang off and take it away. I do not think they are that capable. If the Dalai clique and their followers put their stake on foreigners, they will only lose all the worse.

A mother's embrace is [word indistinct]. The Chinese people understand history, but they do not brood on old wrongs. There is no change in the central authorities' guiding principle regarding the Dalai. It is now time for the Dalai clique and their followers to make up their minds over what course to take.

Call To 'Love Country Before Religion'

*HK170117 Lhasa Xizang Regional Service in Mandarin
1130 GMT 16 Oct 87*

[Station Commentator's Article: "Love Country Before Religion"]

[Text] Since a few splittists launched disturbances in Lhasa, they have been condemned with one voice by people of all nationalities and all circles in Xizang. This shows that the party's current policies have penetrated deeply into people's minds and that the monks and laymen in the region are opposed to splits and favor preserving the unity of the motherland.

The unity of the motherland, the solidarity of its nationalities, and the political situation of stability and unity represent the fundamental interests of people throughout our region. They also represent the fundamental interests of the monks, living Buddhas, and lamas in the monasteries and temples. Think back: During the 10-year catastrophe, everything in the country was in chaos, the party's nationality, united front, and religious policies were trampled on, and most temples and monasteries in Xizang were despoiled and damaged to an unprecedented extent. All normal religious activities and paraphernalia were slandered as the four olds or as feudal superstitious things, and handled roughly. During

the time when ultraleftism was running rampant, the people were uneasy, and the monks in the temples and monasteries obviously could not engage in normal religious activities.

Since the 3d Plenary Session of the 11th CPC Central Committee, the central authorities have adopted a series of principles and policies for bringing order out of chaos, with the result that the state has been invigorated and there are good prospects for the Chinese nation. The CPC Central Committee has adopted a series of special and flexible principles and policies for our region in the past 7 years, with the result that unprecedented changes have taken place in all trades and sectors. This is obvious to all.

Take religion, for instance. Under the concern of the CPC Central Committee, in recent years the region has repaired and opened more than 200 monasteries and temples and revived major religious festivals in Lhasa and Drepung that had not been celebrated for more than 20 years. We have revived the activities of the Buddhist associations and opened a Buddhist institute, and so on. As a result of these tangible things, the monks and laymen in Xizang have personally felt that the party's policy on freedom of religious belief is wise and correct. They welcome this policy and hope that it will kept unchanged for a long time.

However, a few splittist elements created serious political disturbances in Lhasa in order to lure our party and government into withdrawing the policy of freedom of religious belief, which gives greatest satisfaction to the monks and laymen, and into repeating leftist mistakes.

In the face of this major issue of right and wrong, the monks and laymen must clear their eyes, draw clear distinctions, see through the plots and tricks of a few splittist elements, and resolutely preserve the unity of the motherland and the political situation of stability and unity. They should love country before religion, and support CPC leadership. With the unity and vigorous flourishing of the motherland and a political situation of stability and unity, religious activities too can flourish.

Efforts Made To Preserve Tibetan Culture
OW152349 Beijing Domestic Service in Mandarin
1030 GMT 9 Oct 87

[Text] Tibetan culture, which has had a long history, has developed considerably since the establishment of the Xizang Autonomous Region 22 years ago, especially after the 3d Plenary Session of the 11th CPC Central Committee. People in cultural circles told reporters recently that the CPC and the government have always attached great importance to discovering, compiling, inheriting, and carrying forward Tibetan culture and art, and have accomplished a great deal of work in this area, thus preserving a great number of outstanding traditional Tibetan art.

"King Gesar," the well-known Tibetan epic, has been called the longest poem in the world. After being reedited and refined, the gigantic epic has become a theatrical work being performed on the stage. After reediting, the eight renowned Tibetan theatrical works—"Princess Wencheng," "Prince Losang," ("Chowasangmu"), ("Jundinima"), ("Lansa"), ("Pema Wenba") ("Dunyu Dunju"), and ("Qimei Gundeng")—have become representative Tibetan plays enjoying wide popularity among the Tibetan people. People throughout the country have become very familiar with and fond of Tibetan folk songs accompanying the (Tianzi) dance, the (Guozhuang) dance, and the tap dance. Over the last 8 years, an increasing number of outstanding Tibetan theatrical works have been performed in various parts of the country. The Tibetan National Art Troupe, which performed in Beijing in 1979 to mark the 30th founding anniversary of the country, has won seven prizes.

A distinct characteristic of Tibetan culture lies in the recreational cultural activities that can be seen everywhere in urban and rural Xizang. This characteristic remains today. There are now 153 nongovernmental spare-time performing troupes in Xizang. Since troupe members are selected from the masses and their shows are stories of the masses themselves, they are very popular among the Tibetan people.

After becoming an autonomous region, Xizang, with assistance from artists of other nationalities, has gradually formed its own contingent of literary and cultural workers composed primarily of the Tibetan people themselves. Of the 1,200 or so professional performers, playwrights, directors, choreographers, and literary writers in Xizang today, 80 percent of them are Tibetans.

Owing to reforms and opening to the outside world, Tibetan culture, which has a unique artistic style, has also been introduced to various parts of the world. In recent years Xizang has on many occasions sent performing artists or sponsored cultural exhibitions abroad, and these performances and exhibitions have received very favorable international comment.

People in cultural circles say that within the great community of people of all nationalities in the country, Tibetan culture, instead of having been completely wiped out as alleged by certain people with ulterior motives, has continued to radiate with dazzling brilliance.

Bainqen Inspects Reservoir Work Site
OW161508 Beijing XINHUA in English 1451 GMT
16 Oct 87

[Text] Xining, October 16 (XINHUA)—Bainqen Erdini Qoigy Gyaincain, vice-chairman of the Standing Committee of the National People's Congress, inspected the construction site of the Gouhou Reservoir in Qinghai Province Wednesday. [passage omitted]

North Region

Beijing Secretary Greets Policemen

SK190745 Beijing BEIJING RIBAO in Chinese
30 Sep 87 p 1

[Excerpt] [passage omitted] On the afternoon of 29 September, Li Ximing, secretary of the municipal party committee, came to the 14th armed police forces squadron to express thanks to the policemen and to extend festive greetings to them.

At 1500, leaders of the municipal party committee, including Li Ximing and Zhang Mingyi, called on the public security cadres and policemen at the police substation of Dongfeng market. After that, they visited the 14th police squadron. [passage omitted]

Beijing Secretary Visits Various Workers

SK190436 Beijing BEIJING RIBAO in Chinese
2 Oct 87

[Excerpts] "You comrades have been working hard." On 1 October some municipal leaders, including Li Ximing, Chen Xitong, and Wang Xian, visited and extended regards to cadres, staff members, and workers of various trades and professions who were working at their posts on the National Day. [passage omitted]

On 1 October, Jin Jian, Wang Daming, Wang Guang, Li Qiyan, Chen Yuan, Han Boping, Zhang Baifa, Sun Fuling, Zhang Jianmin, and Huang Chao in turn visited plants, farms, shopping centers, hotels, bus stops, and garbage transfer posts to extend regards to the cadres, staff members, and workers who stood fast at their posts on National Day.

Li Ximing, Taiwan Visitors at Celebration

SK170836 Beijing BEIJING RIBAO in Chinese
7 Oct 87 p 1

[Excerpt] Together with Taiwan compatriots and their relatives, about 3,200 personages of various circles in the capital attended the Mid-Autumn Festival celebrations at Zhongshan Park on the evening of 6 October.

Li Ximing, secretary of the municipal party committee; Bai Jiefu, chairman of the municipal CPPCC Committee; and Li Bokang, director of the Propaganda Department of the municipal party committee, extended festive greetings to the Taiwan compatriots who are living in Beijing. Attending the celebrations were Su Ziheng, chairman of the general headquarters of Taiwan Democratic Autonomous Alliance; Li Chunqing, vice chairman of the headquarters; Lin Liyun, president of the All-china Federation of Taiwan Compatriots; Chen Zhongyi, chairman of the Beijing branch of the general headquarters of the Taiwan Democratic Autonomous Alliance; and Liao Qiuzhong, president of the Taiwan

Fellow-students Association. Ye Jidong, vice president of the municipal federation of Taiwan Compatriots, presided over the celebrations. [passage omitted]

Li Ruihuan at National Tennis Tournament

SK160744 Tianjin TIANJIN RIBAO in Chinese
16 Sep 87 p 3

[Excerpts] The seventh national tennis invitational tournament for the aged opened at Tianjin's Tennis Hall on the morning of 15 September. [passage omitted]

On the evening of 14 September, the organizational committee of the tournament held a welcoming party at the cadres' club. Present and speaking at the party were Liu Jianzhang, honorary chairman of the organizational committee of this tournament and president of the National Sports Association for the Aged, and Li Ruihuan, secretary of the Tianjin Municipal party committee and mayor of the municipality. Yao Jun, vice mayor of the municipality and chairman of the organizational committee of this tournament, delivered a welcoming speech.

In his speech, Li Ruihuan, secretary of the municipal party committee and mayor of the municipality, said: We are very happy to see so many veteran comrades coming to Tianjin and to have the opportunity to serve them. He expressed hope that these veteran comrades will offer their suggestions for the deficiency in Tianjin's work, which they discovered during their stay here, and will help us to improve our work. He wished these veteran comrades the best of health and a pleasant stay in Tianjin.

Present at the party were Tianjin party, government, and military leading comrades, including Wu Zhen, Tan Shaowen, Nie Bichu, Zhang Zaiwang, Yang Jingheng, Ji Zenghui, He Guomo, Zheng Guozhong, Bai Hua, Xiao Yuan, Huang Yanzhi, and veteran Comrade Wang Enhui.

Li Ruihuan Attends Hog Raising Conference

SK172232 Tianjin TIANJIN RIBAO in Chinese
17 Sep 87 p 1

[Excerpts] The municipal government held hog-raising work conferences on 16 September in Baodi and Jixian Counties to study and arrange the municipality's hog production and supply work. Li Ruihuan, secretary of the municipal party committee and mayor of the municipality, called on urban and rural areas to make concerted efforts to become self-sufficient in grain and to ensure a steady supply of pork in 2 years. [passage omitted]

Mayor Li Ruihuan pointed out at the conferences: Solving the pork supply problem is a great matter because pork is a major foodstuffs in our daily life. Through

discussions at the conference, the municipal government has defined a target of ensuring self-sufficiency in pork based on the quality of lean port in the coming 2 years. [passage omitted]

Li Ruihuan Meets UN Development Delegation
SK190617 Tianjin TIANJIN RIBAO in Chinese
29 Sep 87 p 1

[Excerpts] At the invitation of our country's Ministry of Agriculture, Animal Husbandry and Fisheries, a diplomatic corps delegation led by Kong Leisa, representative of the Development and Planning Office under the United Nations stationed in China, arrived in Tianjin yesterday morning to visit the municipality's fishery and animal husbandry development projects.

In the evening, Mayor Li Ruihuan met with the foreign guests at the cadres' club. During the meeting, he said: We welcome you to Tianjin. Over the past few years, your support projects have helped us to accelerate our progress in developing the nonstaple food production. Let me take advantage of this opportunity to express my heartfelt thanks for your support and help on behalf of the Tianjin Municipal people's government and the people throughout the municipality. We hope that after visiting here, you will offer us valuable opinions to help us improve our work. Furthermore, we also hope that you will continue to provide us with better and greater help as you did in the past few years. With your support, the specific help provided by the Ministry of Agriculture, Animal Husbandry and Fisheries, and the great efforts of the Tianjin people, I think your projects in Tianjin will turn out to be a success. During the meeting, Mr Kong Leisa gave a speech on behalf of the United Nations Worlds Grain Planning Office and 15 countries' diplomatic envoys to China. [passage omitted]

After the meeting, Vice Mayor Liu Jinfeng hosted a banquet in honor of the foreign guests on behalf of Mayor Li Ruihuan. [passage omitted]

Li Ruihuan Attends National Day Soiree
SK190428 Tianjin TIANJIN RIBAO in Chinese
1 Oct 87 p 1

[Excerpts] The Tianjin Municipal soiree to celebrate the 38th anniversary of the founding of the PRC was held at the Cadres' Club on the evening of 30 September. Wang Zhen, vice chairman of the Central Advisory Commission, spent the red-letter day together with personages from all walks of life in Tianjin in addition to more than 5,000 others. [passage omitted]

Also attending the soiree were Li Ruihuan, secretary of the municipal party committee and mayor; Wu Zhen and Tan Shaowen, deputy secretaries of the municipal party committee; Nie Bichu, deputy secretary of the municipal party committee and vice mayor; Zhang Zaiwang, chairman of the municipal People's Congress Standing Committee; Yan Dakai, member of the Central Advisory Commission; and Zheng Guozhong, commander of the Tianjin Garrison District.

Wang Zhanyi, vice minister of communications; Chu Chuanheng, minister of urban and rural construction and environmental protection; and Jiang Xi, vice minister of commerce, also attended the soiree.

Also attending the soiree were leading comrades of the party, government and army organs, including Yang Jingheng, Wang Xudong, Ji Zenghui, He Guomm, Chen Yiyi, Zhang Huijie, Bai Hua, Zhao Jun, Liu Zengkun, Xu Ming, Yang Jianbai, Fan quan, Han Tianyao, Yu Fujing Shi Jian, Yao Jun, Liu Jinfeng Lu Xuezheng, Li Changxing, Mao Changwu, Xiao Yuan, Zhao Jinsheng, Zhou Ru, Li Yuan, Huang Difei, Yu Songting, Kang Tiejun, Liao Canhui, He Yanran, Chen Deyi, Yang Zhihua, Zou Shunsheng, Su Qingyu, Zheng Wantong, and Huang Yanzhi.

Veteran comrades present at the soiree were Liu Gang, Cao Zhongnan, Cao Xikang, Wang Enhui, Li Huasheng, Lu Da, Song Zhenchun, Wu Zhen, Ta Songping, Li Zhongyuan, Wang Jiaxiang, Geng Yuqi, Du Shutian, Wang Jishan, Wang Dongfang, Ji Kui, Gao Guanyi, Jiao Ziyang, Zhou Xumin and Zhu Biao.

Also attending were Jin Xianzhai and Wu Tingqiu, members of the Standing Committee of the National CPPCC Committee and Xu Naibo, chairman of the municipal Committee of Zhi Gong Dang. [passage omitted]

Premier Calls for Country Above Province
*OW170325 Taipei CNA in English 0238 GMT
17 Oct 87*

[Text] Taipei, Oct. 17 (CNA)—Republic of China Premier Yu Kuo-hua said Friday that all nations will need a period of readjustment when confronted with new situations and that the people of the nation should not regard this "adjustment period" as "holidays from the law."

In responding to Legislator Sun Sheng-chih's interpellation, Yu said that in a democratic system any political idea should be publicized through the channels of "parliamentary politics" and that any problem involving the violation of the law should be duly dealt with according to the law.

The premier said that he was confused by Sun's suggestion that the Government implement the "localization policy" by employing more Taiwan natives. He said that it would be narrow-minded if one put provincialism before national interest.

Yu said that it is very normal that everyone has a deep affection towards his hometown. However, he added, the affection should not exceed one's love for one's country.

"We should be more open-minded" in this regard and the so-called "localization policy" should not be a problem for it is not worthy of discussion, he pointed out.

KMT Prepares Parliamentary Reform Plan
*OW170327 Taipei CNA in English 0231 GMT
17 Oct 87*

[Text] Taipei, Oct. 17 (CNA)—The ruling Kuomintang [KMT] of the Republic of China has mapped out a preliminary plan for the restructuring of the nation's parliamentary bodies, which calls for increasing the number of parliamentarians elected from the Taiwan area while, in principle, retaining the representation system with the senior members staying in the parliamentary bodies, it was learned Friday.

The plan, prepared by a KMT staff group, will soon be submitted to a high-level and hoc panel composed of 12 KMT Central Standing Committee members for deliberation before being formally presented to the KMT policy-making body for discussion, an informed source said.

The preliminary plan, the source said, also suggests that in future general elections, a certain proportion of seats be reserved for candidates elected from national constituencies who will represent the mainland people. The current system under which deceased members of the National Assembly shall be succeeded by qualified associate members will be cancelled.

Li Huan, secretary-general of the KMT's Central Committee, said that the ruling party preferred gradual reforming ways for strengthening the functions of the nation's parliamentary bodies, thus ruling out the possibility of overall elections for all parliamentary representatives.

Mainland Visits Policy Comes From 'Heart'
*OW160521 Taipei International Service in English
0200 GMT 16 Oct 87*

[Station commentary: "Mainland Visits Policy Gets Go Ahead"]

[Text] The policymaking Central Standing Committee of the majority party, the Kuomintang, announced yesterday that it approved the recommendations of an ad hoc committee concerning a new policy to allow people on Taiwan to visit relatives on the Chinese mainland. In short, this means people can start packing their bags, although they will have to wait for the actual regulations to pass the cabinet.

The ad hoc group was headed by Vice president Li Teng-hui and included other high-ranking officials such as Premier Yu Kuo-hua, Mr Nieh Wen-ya, president of the legislature, and Interior Minister Wu Po-hsiung. The group had been meeting to formulate the new policy for several weeks now. In the interim, rumors abounded on just who would be permitted to visit the mainland and when.

As agreed by the Central Standing Committee of the Kuomintang, the new policy will permit all Taiwan Chinese except those in military service and government officials to visit relatives on the Chinese communist-controlled mainland. No provisions have been included for tourists or other types of visitors.

In making the announcement, the Kuomintang was careful to remind people that the government's anticommunist policy and its policy of having no contact, no negotiation and making no compromise with the Chinese communist regime remain unchanged. In addition, it said, the nation will continue to guard against the communist threat and will continue to educate the people on the ins and outs of peking's persistent united front tactics. Kuomintang spokesmen also confirmed that the new policy is based on humanitarian concerns only and should not be taken to represent some sort of major breakthrough to the communist-held mainland of China, nor should anyone view this development as the starting point for further liberalizations in the visitation policy. On Tuesday, Premier Yu was adamant in telling national legislators that the visitation policy does not apply to businessmen and that the government's ban on direct trade with the mainland still stands.

If the major portions of the plan go through the cabinet unchanged, those people who can prove they have relatives on the Chinese mainland will be able to apply for

travel documents through a civic organization that has yet to be announced. Some have suggested that the Red Cross or a local human rights organization handle the arrangements for the visits.

So far, Peking has not voiced any opposition to the new visitation policy in Taipei, but Peking has said that it would not like to see large numbers of elderly persons coming over to settle on the mainland.

In taking this move, the Kuomintang is responding to public pressure to liberalize policies regarding family reunions. Much pressure came from veterans groups whose ranks are largely made up of men who came to Taiwan in the 1948-49 period. After 40 years of separation, many have grown homesick for their homes and relatives on the mainland. As one official said here, the new policy is one of the heart and not politics.

Direct Trade With Mainland Remains Illegal
OW160443 Taipei CNA in English 0246 GMT
16 Oct 87

[Text] Taipei, Oct. 16 (CNA)—Economics Minister Li Ta-hai reaffirmed Thursday that direct trade with the China mainland by people here is illegal and that violators should be duly punished.

Answering an interpellation at the Legislative Yuan, Li said he is merely restating what Premier Yu Kuo-hua said recently that local businessmen are prohibited from conducting direct trade with the China mainland.

Li said the ban on visits to mainland relatives has now been lifted, but that it has nothing to do with trade with mainland. He asked local businessmen not to get confused with the two things.

Meanwhile, Vice Economics Minister Hsu Kuo-an warned that trade with mainland China would eventually be used for infiltration purposes by the Chinese communists as one of their united front ploys against the Republic of China.

Prosecutors Question Reporters' PRC Trip
HK191046 Hong Kong AFP in English 1011 GMT
19 Oct 87

[Text] Taipei, Oct 19 (AFP)—The director of a Taiwan newspaper told prosecutors Monday he never applied for permission to let two reporters go to China because the communist mainland and Taiwan are one country.

Independence Evening Post director Wu Fung-san made the statement as he and reporters Li Yung-teh and Hsu Lu were questioned by prosecutors at Taipei District Court.

All three are accused of making false statements to government officials before Mr. Li and Ms. Hsu travelled to China last month via Tokyo, in open defiance of a strict 38-year ban on travel by Taiwan people to the mainland.

It was not immediately known if chief prosecutor Chang Jui-nan would pursue the case, which could lead to three years' imprisonment for the defendants if convicted.

Mr. Wu said he told the prosecutors that *The Post* applied for permission for the pair to go to Tokyo, as called for by the Government Information Office, the Taiwan agency responsible for news media.

"But we did not know we have to apply for permission to go to mainland China, which is part of our territory as the government claims," Mr. Wu said.

Taiwan's Kuomintang government, which lost control of the mainland to the Communist Party in 1949, continues to claim it is the legitimate government of all China. Beijing similarly says China and Taiwan are one country.

While thousands of Taiwan residents have discreetly visited China via intermediate points such as Tokyo and Hong Kong, the two *Post* reporters were the first to do so openly.

Initially Mr. Li applied to the GIO to travel to Japan on assignment, while Ms. Hsu told authorities she planned to go sightseeing abroad.

The Post publicized their China assignment on its front pages only after they had left for Tokyo.

Mr. Wu said Monday he took full responsibility for the assignment, and that the reporters were "only following an order."

While Monday's hearing was underway, about 20 people demonstrated outside the courthouse in support of *The Post*. No incidents were reported.

Dissident in Hong Kong Seeks Return
HK180534 Hong Kong SOUTH CHINA SUNDAY
MORNING POST in English 18 Oct 87 p 2

[By Jimmy Leung]

[Text] A group of exiled Taiwanese dissidents, led by Mr Hsu Hsin-liang, arrived in Hong Kong last night vowing to return to their home to test whether their Government really had abandoned martial law.

Four of the 12 dissidents in the group were allowed to enter Hong Kong.

The others were refused entry and were waiting in the transit lounge at the airport for flights to Manila today. Mr Hsu and three others plan to catch planes to Manila on later flights today.

From the Philippines the 12 will fly to Seoul where Mr Hsu will apply to Kuomintang representatives for permission to enter Taiwan.

In Taiwan yesterday, however, police said the Government had requested all international airlines with flights to Taipei not to take Mr Hsu on board.

Speaking to a packed news conference at Kai Tak last night, Mr Hsu said that if he were allowed to return home, where he is wanted on a sedition charge, he would join the opposition forces in calling for full voting rights for all Taiwan citizens.

"Our campaign will be quite similar to the student movement in South Korea where they are demanding direct election of their president," he said.

The group of 12 are members of the Taiwanese National Movement East Asia Delegation, a political organisation headed by Mr Hsu. Some of the members are exiles living, like Mr Hsu, in the U.S.

Mr Hsu, regarded by many as an advocate for an independent Taiwan, said he believed many people would support his cause. His group plans to stay in the Philippines for two days and then fly to Seoul where arrangements have been made to meet opposition leaders Mr Kim Daejung and Mr Kim Young-sam.

Mr Hsu said that in Seoul he would apply formally to return to Taiwan provided he was given an open trial on the charge of sedition which he has faced since 1980.

Mr Hsu, a native Taiwanese, caused a sensation when he arrived in Taipei on a Philippines Airline plane in December last year. He was promptly turned back to Manila, but his brief present at the Taipei airport sparked a huge demonstration.

Independence Advocates Protest Detentions
HK191058 Hong Kong AFP in English 1038 GMT
19 Oct 87

[Text] Taipei, Oct 19 (AFP)—A newspaper photographer was beaten up Monday as supporters of an independent Taiwan held a demonstration outside Taipei's old courthouse, witnesses said.

The photographer, whose identity was not immediately known, was attacked by demonstrators as he was taking pictures of the sit-in by about 300 ministers and members of the Presbyterian Church.

Observers said it was the first time that a large number of Presbyterian ministers had joined such a protest.

The Presbyterian church supports independence for Taiwan.

But the Kuomintang government—which claims to be the legitimate government of all China, despite losing control of the mainland to the Communist Party in 1949—says Taiwan is a province of China, and it outlaws advocating independence for the island.

Monday's demonstration was to protest the detention by prosecutors last week of two former political prisoners accused of advocating independence.

About 100 riot police sealed off the courthouse entrance as demonstrators called for the pair's release and waved banners reading, "People have freedom of speech" and "Is it guilty to promote Taiwan independence?"

The demonstration took place as two *Independence Evening Post* reporters were being questioned by prosecutors at the new Taipei courthouse nearby in connection with a reporting trip they made to China last month in open defiance of a ban on such trips to the mainland.

Hong Kong

Governor Tries To Open Up Trade With U.S.
HK170630 Hong Kong SOUTH CHINA MORNING POST in English 17 Oct 87 p 12

[Editorial: "Governor Has Uphill Task at Capital Hill"]

[Text] The arrival of the Governor, Sir David Wilson, in Washington this weekend comes at the very height of the trade debate that is currently gripping the United States—a bad mood worsened by the trade deficit which defies economists and stubbornly refuses to come down despite the fall in value of the U.S. dollar. Accompanied by Secretary of Trade and Industry, Mr Hamish Macleod, Sir David will have a precious four days in which to press home once more Hong Kong's arguments for free trade—and underline the differences between the territory and some of its Asian neighbours.

Sir David will be carrying with him some powerful arguments, such as the fact that unlike Japan, Taiwan and South Korea, Hong Kong does not run an overall trade surplus and that the territory has a large and open market waiting for any American businessman who cares to sell his wares here. And he will likely receive a sympathetic hearing from the administration officials and congressmen lined up for meetings during his stay. Senator Sam Gibbons is a well-known free trader, while Representative Dan Rostenkowski has made known his opposition to protectionist measures by calling for a bill aimed at increasing America's competitiveness.

From the administration side, U.S. Trade Representative Clayton Yeutter and acting Secretary of State John Whitehead will no doubt sing the praises of Hong Kong as a model of openness and the spirit of free enterprise. But actions speak louder than words—and even as the Governor tours Washington, behind the closed doors of the conference committee the horse-trading will be in progress, with each Senator and Representative looking for an outcome aimed not at satisfying any particular philosophy of world trade, but simply at keeping the voters back home happy.

With yet another massive trade deficit just announced for August, the mood on Capitol Hill is likely to be a grim. Unlike many other nations which are running up huge surpluses with the U.S. Hong Kong has precious little in the way of bargaining power. Our representatives can only say their piece and hope that rational argument will win the day in what is becoming an increasingly emotional issue as election year approaches in the U.S.

Hong Kong Diversifies Overseas Exports
OW161318 Beijing XINHUA in English 1236 GMT 16 Oct 87

[Text] Hong Kong, October 16 (XINHUA)—Getting acquainted with overseas requirements, diversifying export varieties and developing new markets are major measures to help Hong Kong's trade continuously grow, local trade experts said at a news briefing here today.

When asked about the Japanese market, Dennis Yau, senior representative of Hong Kong Trade Development Council (TDC), said Hong Kong's exports to Japan accounted for about five percent of its domestic exports despite the 68 percent increase in the first eight months this year.

On major reasons for the small share of Japanese market, Yau said most of Hong Kong manufacturers do not understand the demand and requirements of Japanese customers as they have business with Japan for a much shorter period than with the United States and Western Europe.

On the other hand, Japanese decision-making process is also quite different from that of American. So, doing business with Japanese seems more complicated and takes longer time, he said.

To overcome the obstacles, TDC has organized seminars, delegations and exhibitions for local businessmen to have better understanding of Japanese market as well as to help Japanese customers learn Hong Kong products.

On U.S. market—the biggest one for Hong Kong's domestic exports, Andrew Ma, the regional representative of TDC in America, considered that Hong Kong should diversify its export items, especially increase those products that has no quota limitations, so as to cushion the impact of protectionism.

When talking about Western Europe, Simon Italiaander, TDC director for the European operation, said Hong Kong's domestic exports to the European Economic Community increased 37 percent to 31,217 million Hong Kong dollars (over four billion U.S. dollars) in the first eight months this year.

The major markets such as Federal Germany and Britain have showed good performance while France, Spain and other countries are picking up, he said.

Turkey, which imported little from Hong Kong, is the fastest growing market in the region now, he added.

As for trade in coming months, he said the depreciation of the Hong Kong dollar has put Hong Kong in a favorable position.

Mainland Important Market for Hong Kong
OW161543 Beijing XINHUA in English 1518 GMT 16 Oct 87

[Text] Hong Kong, October 16 (XINHUA)—The Chinese mainland has emerged as an important market for Hong Kong's domestic exports and a major location for external direct investments, according to the 'Hang Seng Economic Monthly' published here today.

The monthly published by the Hang Seng Bank said the annual average growth rate of domestic exports to the mainland was a phenomenal 96 percent from 1978 to 1986, compared with only 20 percent for Hong Kong's retained imports from the mainland.

Along with increased purchase of goods, the mainland also stepped up its consumption of Hong Kong's trade-supportive services such as transport, insurance and banking.

More significant than the increased volume of trade in goods and services is the growing amount of direct investment which the mainland has undertaken in Hong Kong.

Before 1978, the mainland, through its exports to Hong Kong, has already built up a network of servicing activities, including shipping, transport, distribution and finance. It was however, only in the early 1980s when the mainland's investments in Hong Kong began to show visible and significant expansion, covering manufacturing, catering, tourism, aviation and real estate, the monthly reported.

The mainland is now the third largest external investor in local manufacturing industries. There were 35 plants with a total investment at book value of 2.4 billion Hong Kong dollars (over 300 million U.S. dollars) at the end of March 1986, according to available official statistics.

The mainland building contractors ranked second in both value and in the number of public works contracts awarded to external contractors in 1986.

Financial institutions with mainland interests have also emerged as an influential force in the banking scene, the monthly said. Both their total assets and deposits have recorded impressive growth rates of 42 percent and 51

percent respectively in 1986 compared with 38 percent and 25 percent for the sector as a whole. As at the end of last year, their share of deposits in the local market has risen to over 18 percent.

At the same time, investment by Hong Kong entrepreneurs in the mainland has been increasing. Of the 7,800 joint ventures and cooperative companies set up in the mainland, 6,600 are hongkong-funded enterprises, accounting for 4.8 billion U.S. dollars or 65 percent of the total external investment.

The monthly reckons that economic development of the two places is likely to become more integrated with both sides taking fuller advantage of special features of the other.

Macao Reshuffle Expected in November
HK191257 Hong Kong SOUTH CHINA MORNING POST in English 19 Oct 87 p 2

[From SOUTH CHINA MORNING POST Macao Correspondent]

[Text] Another top-level reshuffle is expected in the Macao Government after the departure next month of the Undersecretary for Administration and Justice, Dr Antonio Vitorino.

Governor Carlos Montes Melancia is likely to announce officially Dr Vitorino's replacement after a trip to Lisbon scheduled for November 8.

Sources are tipping current Chief of Cabinet Jose Antonio Barreiros to replace Dr Vitorino, and Governor's adviser Jorge Bareta to take the Cabinet leader's position.

The reshuffle will leave only the Undersecretary for Health and Education post to be filled. Mr Melancia has expressed deep concern in these areas and is currently over-seeing policies for them himself.

Dr Vitorino leaves Macao on November 4 to take up a senior post in Lisbon with Portugal's Socialist Party.

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